Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	NS3.50	S.Arabia	Rls6.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rup30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr8.00
Egypt	E£2.25	Lebanon	£L100.00	Switzerland	SFr2.20
Finland	Fmk7.00	Luxembourg	LFr48	Taiwan	NT$85
France	FFr6.50	Malaysia	Rin4.25	Thailand	Bht50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Netherlands	Fl3.00	UAE	Dh6.50
India	Rp15	Norway	Nkr7.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,323 Friday August 28 1987 D 8523 A

Commerce not made welcome at the bank, Page 16

World News

Spain orders strikers to ease flights chaos

Spanish authorities ordered Barcelona air traffic controllers to expand minimum services during a 24-hour strike tomorrow, to avoid a repeat of airport chaos that affected thousands of holidaymakers this week.

A Civil Aviation spokeswoman said controllers would be required to handle all international charter flights and open one more route between Barcelona and the Balearic Islands.

Controllers were due to meet last night and today to decide whether they would accept the mandatory expansion of services. Page 2

Progress on arms ban

Disarmament experts in Geneva reported substantial progress in drafting a global convention to ban chemical weapons, due mainly to acceptance of compulsory inspections by the Soviet Union.

Pakistan violence

At least 28 people were killed as ethnic violence between Pakistan's Mohajir and Pashtun communities spread from Karachi to Hyderabad. Troops imposed curfews on the two cities.

Poindexter to retire

Rear Admiral John P. Poindexter, the former national security adviser who resigned after the Iran-Contra scandal broke, has submitted a request to retire from the Navy this autumn, Pentagon officials said yesterday.

Shuttle test fails

A critical first full-scale test of a redesigned US space shuttle rocket was aborted yesterday with less than 20 seconds to go before the firing was to begin.

New Japanese rocket

Japan used a new, powerful, three-stage rocket to place an experimental, multi-purpose satellite in orbit.

Strike leaders seized

Police began arresting leftist organisers of the Philippines transport strike as support for the protest waned and minibuses returned to the streets.

Chinese currency curb

China put into effect tough new regulations aimed at tightening control of its foreign debt, with strict penalties for those who kept unauthorised bank accounts abroad. Page 3

Peruvian demo

Several people were injured and 20 were arrested when demonstrators fought in the main square of Arequipa, Peru's second city, as government plans to nationalise private banks were denounced at a rally attended by tens of thousands.

Imperial Palace attack

At least five home-made rockets were fired into the grounds of the Japanese Imperial Palace in Tokyo from the back of a parked truck but no one was hurt. Police blamed left-wing radicals.

Soviet AIDS tests

One million people had been tested for AIDS in the Soviet Union and 102 carriers of the virus detected - including 80 foreigners - a health offical said.

Tunisia trial adjourned

A group of 92 Islamic activists were accused of plotting to overthrow the Tunisian Government and planting bombs in tourist hotels when their trial opened and was adjourned in Tunis. Page 2

Punjab killer shot

Punjab police shot dead the leader of a Sikh extremist gang believed to have killed six relatives of Indian Home Minister Buta Singh.

Hacker phone cheats

Dutch computer hackers discovered a way of making international telephone calls at Spain's expense by cracking a code used by Telefonica, the state telephone company.

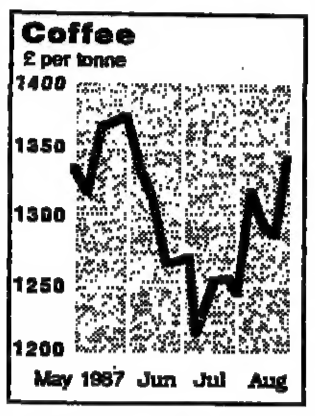
Business Summary

US Lazard to launch $2bn white knight fund

LAZARD FRERES, private New York investment banking firm, is to launch a $2bn 'white knight' fund for the defence of well-managed companies threatened by hostile takeover bids. Page 17

DAF TRUCKS of the Netherlands, in which the UK's state-owned Rover group has a 40 per cent shareholding, is to launch a range of heavyweight "flagship" vehicles at the Frankfurt Motor Show next week, the culmination of a six year programme which cost Fl 600m ($300m). Page 18

COFFEE prices on the London futures market continued to gain ground but the pace of the rise slowed. London's November position added £8 to Wednesday's £16 rise to reach a fresh 3-month high of £1,335.50 a tonne. Commodities, Page 24



ITALY'S new Christian Democrat-led government pushed up domestic interest rates and unveiled an emergency tax package designed to cut consumer demand and put an end to speculation on a devaluation of the lira. Page 16

TOKYO: Chemicals and pharmaceuticals took the Nikkei average to a record in heavy volume. The index climbed 93.08 to 25,968.78 as investors sought stocks with lower foreign exchange risks. Page 36

LONDON: Equities succumbed to the overnight fall on Wall Street and moved quietly lower in erratic, nervous trading. The market was also unsettled before next week's announcement of trade figures for July. The FT-SE index shed 3.8 at 2,245.8 and the FT Ordinary index was down 3.1 at 1,755.1. Details Page 32

WALL STREET: The Dow Jones industrial average closed down 26.79 at 2675.06. Page 36

GOLD fell in London to $454.75 from $457.75. It also fell in Zurich to $456.00 from $457.75. Page 24

DOLLAR closed in New York at DM1.8095, SFr1.4885, Y141.75, and FFr6.05. It fell in London to DM1.8130 (DM1.8250); SFr1.4930 (SFr1.5035); and FFr6.0575 (FFr6.1025); and Y141.95 (Y143.05). On Bank of England figures, the dollar's exchange rate index fell from 101.6 to 101.1. Page 25

STERLING closed in New York at $1.6630. It rose in London to $1.6290 ($1.6170) and DM2.9550 (DM2.9500), but was unchanged at SFr2.4325, FFr9.8675 and Y231.25. The pound's exchange rate index rose 0.3 to 72.3. Page 25

S.G. WARBURG Securities (Japan) contested the widely-held view that the Japanese stock market is highly overvalued based on price-earnings ratios. Page 36

EMS-CHEMIE Holding, Swiss chemical concern, is to propose a dividend increase and a double rights issue at its October 19 shareholders' meeting. Page 19

TOYOTA MOTOR reported unconsolidated pre-tax profits of Y398.01bn in the year to June 30, 1987, down 18.5 per cent from the previous year. Net profits were 21.5 per cent lower to Y200.21bn. Page 19

BOLIDEN, Swedish mining, metals, and chemicals group, has acquired the Spanish mining company Andaluza de Piritas from Banco Central, one of the leading Spanish commercial banks, for an undisclosed sum. Page 18

Sweden launches Nobel Industries inquiry

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

SWEDISH competition authorities are investigating Nobel Industries and its arms and explosives subsidiary, Bofors, over its commercial links with a group of European military explosives manufacturers because of alleged cartel activities.

The inquiry has been triggered by damaging evidence of widespread cartel operations in the European explosives industry, uncovered as part of the exhaustive investigation by Swedish customs agents into arms and explosives smuggling to the Middle East by Bofors.

Documents seized during raids on Bofors offices indicate that Nobelkrut, a division of Nobel Industries' chemicals and explosives sector, has operated as "a member of three different international explosives cartels", according to an official memorandum prepared by Sweden's Office of Competition Ombudsman (known as NO).

The memorandum says that the European suppliers that were members of one or more of the cartels during the years 1981-85, the period covered by the Swedish customs investigation, include a subsidiary of ICI and a state-owned French company as well as Nobelkrut (Bofors) of Sweden. Others came from Belgium, Switzerland, Norway and Italy.

The French state-owned concern, Societe Nationale des Poudres et Explosifs of France, declined to comment yesterday. ICI said its policy was that company employees should not be involved in any activity of this kind.

Documents indicate that Sir John Harvey-Jones, (right), ex-ICI chairman, took action to prohibit executives from its subsidiary, Nobel Explosive, from taking part in alleged cartel meetings

The NO documents and memorandum indicate that Sir John Harvey-Jones, former chairman of ICI, took action in 1984 to prohibit executives from Nobel Explosive Company, its wholly owned subsidiary, from any longer taking part in meetings with members of the alleged cartels.

The Swedish customs investigation centred on the role of Bofors and other companies in supplying explosives to Iran, but according to the NO memorandum the seized documents also show that these companies were engaged in widespread cartel activities aimed at fixing prices, sharing orders and dividing up markets in Europe, Africa and Latin America.

The cartels allegedly operated sometimes behind the scenes of officially recognised trade associations - described by Bofors executives as "clubs" - formed to discuss safety and technical standards in the explosives industry, such as the European Association for the Study of Safety Problems in the Production and use of Propellant Powders.

The seized documents are hand-written reports by Bofors sales and marketing executives of meetings of the clubs held in various European cities during the period 1981-85.

Now publicly available in Sweden, they show how the cartel members met to decide:

- which company should get new orders;
- that all orders over 10 tons should be a matter for consultation:

Leave Greece to the others, Page 14

Continued on Page 16

Thousands dismissed as S African miners step up strike action

BY JIM JONES IN JOHANNESBURG

ANGLO AMERICAN, South Africa's biggest mining company and the most-affected by the industry's labour troubles, yesterday sacked 16,000 men following the decision by the National Union of Mine Workers (NUM) to continue its 18-day-old strike.

The sackings came at two gold mines and two collieries, and another 2,500 men were threatened with dismissal by the weekend if they failed to return to work today. An NUM spokesman said the dismissals and employment of non-union labour are designed to break the union. Anglo strongly denies this, saying that there are no restrictions on new employees joining the union or on union organisers recruiting new members.

A further 15,800 men at the Vaal Reefs and Free State Geduld mines were given ultimatums to return to work or face dismissal.

Meanwhile, about 3,000 men yesterday protested against the dismissals by staging an underground sit-in at Western Deep Levels, the world's deepest gold mine. Management said the sit-in was confusing the pay-off of strikers who had refused to return to work.

The Government has meticulously avoided involvement in the strike, saying it is an issue to be resolved by the union and mineowners. However, Mr Piet du Plessis, the Minister of Manpower, said on Wednesday that the Government was considering legislation designed to "modernise" dispute-settling channels between workers and management.

Striking miners voted virtually unanimously on Wednesday to reject improved fringe benefits offered by the Chamber of Mines. The NUM reduced its demand for pay increases to 27 per cent from 30 per cent and repeated that it was prepared to take the dispute to arbitration and mediation.

The Chamber was unwilling to discuss wage increases beyond those of between 17 and 23.4 per cent unilaterally imposed on July 1. A spokesman said the Chamber had made it "abundantly clear before and during this week's negotiations that improvements offered would not include further wage increases."

Wednesday's vote has attracted additional support for the strike at some mines. Gencor, the second-largest of the mining houses, reports that only 60 per cent of employees reported for work at the Bracken gold mine yesterday. On Wednesday 95 per cent of the men were at work.

Gencor's strategy differs from Anglo's and seems to indicate differences within the Chamber on how to handle the strike. Managers of Gencor's four Evander mines yesterday met union officials in talks on 'domestic issues', principally to ensure the orderly operation of the mines' hostels and canteen facilities during the strike.

Rebels attempt Manila coup

GOVERNMENT forces in the Philippines foiled an attempt by up to 300 rebel troops to overthrow President Corazon Aquino today, the president said in a radio broadcast early this morning, **our Foreign Staff writes.**

Senior officials and President Aquino said the coup attempt had ended and that only mopping-up operations were going on.

"I'd like to tell our people that first of all I am all right and General Fidel Ramos (the armed forces chief) is on top of the situation," Mrs Aquino said. "In a few hours we can resolve this," she added.

At least seven people were reported killed and about 30 wounded as automatic gunfire broke out in the early morning darkness.

The rebellion is the fifth launched against President Aquino's authority since she took over 18 months ago after former President Ferdinand Marcos hastily left the Philippines to take refuge in Hawaii. It is the most serious challenge since dissident troops tried to seize military installations last January in what the government said was a bid to restore Mr Marcos to power.

The attempted coup comes hard on the heels of a public transport strike which brought Manila to a standstill in protest against a petrol price increase sanctioned by President Aquino. Only hours before the mutiny police had begun cracking down on left-wing union leaders in a show of government determination.

General Ramos said that between 200 and 300 rebellious soldiers moved in from garrisons in northern Luzon, the main Philippines island which includes Manila.

Shooting broke out near President Aquino's palace and dissidents also tried to take over a government television station, according to loyalist forces.

To thwart the dissidents, tanks mounted with searchlights and backed by presidential guards and other troops

Continued on Page 16

Murdoch reaps new-tech profit

BY CLARE PEARSON IN LONDON AND BRUCE JACQUES IN SYDNEY

NEWS International, the UK arm of News Corporation, Mr Rupert Murdoch's communications group, yesterday reported sharply higher profits for the last financial year as the company reaped the benefits of the move to new technology at its production plant at Wapping, east London.

Pre-tax profits for the year to the end of June soared to £111.5m ($180m), compared with £11.7m for the previous year when the company carried the full £67m cost of the move to Wapping.

News International transferred to new technology early last year in the teeth of intense opposition from the print unions.

Last year's figures reflected a full 12 months of production savings at Wapping, while the previous year included only the first 22 weeks.

Mr Peter Sterrenburger, News International's finance director, said production savings accounted for the major part of the boost in profitability, although increased advertising revenue and to a lesser extent increased circulation had also played their parts.

News International owns The Times, The Sunday Times, The Sun and The News of the World, and last month purchased the loss-making Today newspaper from Lonrho, the diversified UK conglomerate.

Mr Sterrenburger said The Sunday Times in particular had enjoyed increased circulation and advertising revenue last year, although the Times had suffered from competition from the Independent, the quality newspaper launched last October.

Profits of News Corporation, the Australian-based parent, also rose, with after-tax profits emerging 51 per cent higher at A$366.4m on a 39 per cent turnover rise to A$5.3bn.

The result excluded an A$482m extraordinary profit mainly reflecting the sale of the company's Australian television stations.

Pre-tax earnings from Australia and the Pacific Basin jumped from A$66.8m to A$114.2m (US$81.6), reflecting consolidation of The Herald and Weekly Times, which the company purchased in March, and the Hong Kong-based South China Morning Post, bought last December.

The US operations achieved the lowest percentage pretax profit rise - from A$295.1m to A$396.7m. However, directors said strong results came from Twentieth Century Fox Film Corporation and CBS Fox Video.

Soviet Union welcomes Bonn missiles offer

BY OUR MOSCOW CORRESPONDENT

THE SOVIET Union has welcomed a move by Bonn to ease superpower differences over an arms accord and accused the United States of unleashing a campaign of hostile rhetoric ahead of high-level talks in Washington.

Mr Gennady Gerasimov, the Foreign Ministry spokesman, said prospects for a US-Soviet Union treaty banning medium-range nuclear arms had improved due to a concession by Mr Helmut Kohl, the West German Chancellor, on his country's Pershing 1A missiles.

Mr Kohl announced on Wednesday that he would scrap West Germany's 72 Pershings if Moscow and Washington concluded and carried out an accord to eliminate their medium-range missiles.

Moscow has insisted that the Pershings, armed with US-controlled warheads, be dismantled as part of the treaty, while Washington maintains the missiles are West German and have no part in a superpower arms pact.

Mr Gerasimov said that changes in the US position on verification of a treaty could enable American and Soviet negotiators in Geneva to solve outstanding problems to what would be an historic accord.

But the spokesman qualified his approval of Bonn's shift by saying Moscow was still studying the fine print and believed the Chancellor's offer was hedged with preconditions.

He also accused President Ronald Reagan of failing to make clear whether Washington would allow the warheads to be scrapped.

In a major speech on Wednesday, Mr Reagan said the Soviet Union's attitude on Pershings had "no foundation". He called on Moscow to change its position on the arms treaty and to extend its openness policy to military affairs.

Mr Gerasimov said President Reagan had appeared to want to lecture the Soviet Union in the style of a school teacher. He said Moscow had no desire to enter into a fruitless debate over which system - East or West - was better.

He accused the US of playing up hostility before talks in Washington next month between Mr Eduard Shevardnadze, the Soviet Foreign Minister, and Mr George Shultz, the US Secretary of State, saying this had become a standard American tactic ahead of important meetings.

The spokesman also reiterated his denial of reports that Mr Mikhail Gorbachev, the Soviet leader, planned to attend the United Nations General Assembly session in New York next month.

Mr Gerasimov had earlier denied an American press report at the weekend that Mr Gorbachev planned to hold talks with President Reagan in Washington after attending the UN session.

Reagan under fire, Page 4; Editorial comment, Page 14

Iran shows signs of flexibility toward UN resolution

By John Wyles in Rome and Our United Nations Correspondent

THE BRINKMANSHIP between Iran and Iraq over international efforts to end the Gulf war intensified yesterday as Iran gave further signs of flexibility in its approach to a United Nations resolution ordering a ceasefire, and Iraq renewed a threat to resume attacks on Iranian shipping.

Mr Giulio Andreotti, the Italian Foreign Minister, reported to other Cabinet Ministers after a meeting yesterday with Mr Mohammad Jawad Larijani, the Iranian Deputy Foreign Minister, that there had been some "favourable developments" over the last few days in diplomatic efforts to end the Gulf war.

An Italian Government statement revealed later that Mr Larijani had said that Tehran was "*ready to co-operate* fully in reducing tension while avoiding ...any act which compromises the de facto ceasefire" which now exists in the tanker war between Iran and Iraq.

However, Iraq yesterday gave a clear indication that this lull in attacks on Gulf shipping may not last much longer. The Iraqi delegate to the United Nations, Mr Ismat Kittani, told a press conference in New York that Baghdad reserved its right to continue the war by all possible means as long as Iran failed to comply with the UN Security Council's demand for a ceasefire and withdrawal of troops to international borders.

Mr Kittani said his government's assessment was that Iran was simply playing for time and had no intention of complying with the resolution. Any resumption of Iraqi attacks on Iranian shipping will almost certainly provoke Iranian retaliation, and an escalation of the Gulf war which may draw in foreign warships.

He urged the Security Council to begin immediate steps to enforce the resolution under the provisions of Chapter VII of the UN Charter. An international arms embargo was a first option, though it was for Security Council members to decide what measures they might take.

Security Council members met privately yesterday to review the two days of talks that many of them had with Mr Larijani. He had two long sessions with Mr Javier Perez de Cuellar, the UN Secretary General, but apparently without positive results. Mr Perez de Cuellar told a news conference that he expected to receive a formal reply next week to the Council's ceasefire resolution, but

Saudi foreign policy, Page 3

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TESTING TIMES FOR TUNISIA'S LEADERS

President Habib Bourguiba: faces a serious challenge from Islamic militants, Page 2

Spain promises action to counter air strike

BY DAVID WHITE IN MADRID

CHARTER OPERATORS, hoteliers and airport authorities were bracing themselves yesterday for a repeat of last weekend's holiday chaos, although the Spanish Transport Ministry said it would try to avert "by any means" the threatened strike by Barcelona air traffic controllers.

The main association of tourist hotels, Zontur, appealed to the Government for urgent measures to protect the holiday trade following the breakdown of talks on Wednesday night between Mr Manuel Mederos, Spain's director of civil aviation, and air controllers' representatives.

Mr Mederos was quoted as saying that the authorities would increase minimum service requirements in the event of another 24-hour strike this Saturday in view of the unexpected impact the controllers' action had last weekend, especially on the British charter business to Majorca and the beach resorts of eastern Spain.

The tighter minimum service provisions would be aimed at a more rapid return to normal on Sunday.

The controllers at Barcelona's El Prat airport gave the Government until tonight to come up with a proposal to settle their claim for back-payment of extra pay of some Pta 10,000 (£50) a month due to them since 1979. The authorities attempted unsuccessfully to persuade them to hold off until September 15 for a response, arguing that this was accepted on a national level by the main air traffic controllers' union in a meeting in July.

The dispute involves payment for "special services" which controllers received up to 1979, when they were still attached to Spain's military establishment. The special payments were dropped when responsibility was transferred from the Air Ministry to the civilian authorities. After contradictory verdicts by local courts in response to controllers' claims — in Barcelona's case going against the plaintiffs — the Government agreed to refer the dispute to the Supreme Court, whose decision is expected shortly.

The Barcelona controllers say that the Government is simply using delaying tactics. A further strike is threatened on September 5 if their demand is not met.

Currency dealer at VW held

POLICE INVESTIGATING an alleged multi-million dollar currency swindle at Volkswagen have arrested a third currency dealer there, Reuter reports from Wiesbaden. A statement from the Federal Criminal Office in Weisbaden said the VW dealer, who was not named, was arrested on Tuesday.

"The arrested man is urgently suspected of involvement in breach of trust to the disadvantage of Volkswagen AG in connection with currency deals which led to a total loss of around DM 480m (£162m)," it said.

VW's former chief dealer, Mr Burkhard Junger, sacked in March, was arrested on embezzlement charges the following month, shortly after the losses became known.

A financial scandal came to light when VW's banking partners, including the National Bank of Hungary, refused to honour forward foreign exchange contracts, alleging they were forged.

A second dealer, Mr Lutz Quaquil, was arrested in June, two months after VW sacked him.

Mr Joachim Schmidt, a currency broker, is being sought by prosecutors investigating the losses, the police statement said. Mr Schmidt has been missing since news of the losses broke in March.

Police have also seized documents from a secretary of the president of West Germany's central bank, the Bundesbank, on suspicion that she sold information to Mr Schmidt.

The police said a large part of the investigation so far has been concentrated abroad, especially in Switzerland. Swiss authorities have seized documents relating to Mr Schmidt at finance companies near Zurich and passed them to West German investigators.

Hungarian authorities, helped by West German officials, also carried out investigations at the Hungarian national bank although there is no agreement on such assistance between Hungary and West Germany, the statement said.

Depressed industrial regions seek better deal from the EC

BY HAZEL DUFFY

REPRESENTATIVES of the industrial regions in decline in the European Community are seeking a meeting with Mr Jacques Delors, president of the European Commission, to lobby for a better deal from the European Regional Development Fund.

The regions are concerned that they will be affected adversely by the plans for a full internal market by 1992, which they say will benefit better-off regions like south-east England.

At the same time, they say that they stand to lose out if Commission proposals for a re-allocation of the fund should be adopted. These call for 80 per cent of the fund to go to less developed regions in the Community, mainly in Greece, Portugal, Spain, Ireland. Northern Ireland would also be included. The proposals compare with the present split of 70/30 in favour of such regions.

Representatives in the Association of Traditional Industrial Regions in Europe say that they want to put forward "positive proposals" to Mr Delors. These would include aid for small companies, support for new technology, training, regeneration of the environment and modernisation of the worn-out infrastructure.

Members of the association include Lancashire, Strathclyde (Scotland), South and West Yorkshire, and the West Midlands in the UK; Nord Pas de Calais in France; North Rhine Westphalia in West Germany; Hainaut and Wallonia in Belgium; Asturias, Catalonia, Pays Basque in Spain. Piedmont, in Italy, has observer status.

Italy topped the list for Fund payments in 1986, followed by the UK and Spain. The Social Fund is also an important source of funds for the regions of industrial decline.

Austria plans to freeze wages

BY JUDY DEMPSEY IN VIENNA

RADICAL CUTS in pensions, a pay freeze and the abolition of some benefits will form the basis for next year's budget, Mr Ferdinand Lacina, the Austrian Minister of Finance, said yesterday.

He unexpectedly outlined the Government's spending plans for 1988 at an economics forum in Alpach, southern Austria, just a few days before the Finance Ministry holds a series of negotiations with several ministries to discuss next year's budget.

Mr Lacina recommended that all salary increases in the civil service be frozen for 1988, a policy wtich he said will apply to pensions, too. He also proposed the abolition of the special marriage allowance of Sch 15,000 (£750) which is given by the state to each newly married couple, as well as a restructuring of tax allowances.

The Government hopes to save Sch 30bn by these measures, helping to bring the budget deficit under control. But the Socialist-led coalition needs to win approval from the government departments and the unions, which seems unlikely at present.

A net budget deficit of Sch 74.7bn has been forecast for this year. Last month, Mr Lacina said he expected the deficit to reach Sch 80bn by the end of the year if the rate of spending continued, it could reach Sch 100bn by the end of 1988. The Finance Ministry aims to reduce the share of the net deficit in the budget from 5.1 per cent to 4.9 per cent during this year and down to 4.4 per cent by the end of next year.

Acid rain accord takes effect

AN EAST-WEST agreement to cut sulphur emissions, considered the main cause of acid rain in the industrialised world, takes effect next Wednesday after ratification by 16 states, according to the UN Economic Commission for Europe, AP reports from Geneva.

Ten Western European countries have already met the treaty's goal of cutting sulphur output by at least 30 per cent from 1980 levels, a recent UN announcement said. But this was partly offset by increased emissions in other countries that signed, which have until 1993 to meet the target, it said.

The 1985 accord is the first binding international treaty to cut air pollution.

The Commission is the main forum for East-Wset economic co-operation. It groups East and West European countries, the Soviet Union, Canada and the United States.

The sulphur protocol, which is part of a 1983 convention on cross-border air pollution, has been signed by 21 countries. Ratifications have come from Austria, Bulgaria, Canada, Czechoslovakia, Denmark, Finland, France, West Germany, Hungary, Liechtenstein, the Netherlands, Norway, Sweden, the Soviet Union and two Soviet republics which the UN counts as separate countries.

Sulphur emissions in Europe and the US declined by 12-13 per cent in 1980-85, but further reductions are needed for environmental and health reasons, the Commission said.

Madonna tops chart for Chirac

By George Graham in Paris

MADONNA is sweeping the pop music world before her, but she had to come to France to score a political success.

The rock idol from Michigan had made her latest convert not among the aging trendies like Culture Minister François Léotard. Madonna has gone right to the top, and won the heart of Mr Jacques Chirac, the Prime Minister.

Mr Chirac has allowed himself to be photographed in sweatshirt and jeans, with headphones and a boyish grin.

He has, it is rumoured, intervened personally with the stick-in-the-mud mayor of Sceaux who did not want Madonna's concert to go ahead in his municipal stadium tomorrow night.

To cap it all, he announced that he is lowering the rate of value added tax on records from its current, swingeing 33.3 per cent to the more usual rate of 18.5 per cent.

To blame for the transformation is Mr Chirac's daughter Claude. She claims to have taken Papa to one side and played him her records, convincing him of Madonna's artistic merits.

Political commentators, of course, are quick to discount so ingenuous an explanation, and link the current campaign to rejuvenate Mr Chirac's image with a parallel effort to portray his rival, President François Mitterrand, as old and dodery.

But Mr Chirac may be walking on treacherous ground. He is responsible for the death earlier this year of TV6, the television channel devoted mainly to music.

The decision to take away TV6's licence and allot it instead to the generalist M6 was taken by the formally independent Council for Communication and Freedom but scarcely a soul in France doubts that it was dictated from the Prime Minister's office

French rock musicians have not forgiven Mr Chirac for this blow, and are growing distinctly restive at his failure to live up to a subsequent promise to create a new waveband for a music television station.

Conservative cause finds a champion in Kremlin

THE MAN in charge of Soviet party political thinking has transformed a Kremlin debate on Mr Mikhail Gorbachev's drive for openness by defending aspects of the late Leonid Brezhnev's rule, according to foreign analysts, Reuter reports from Washington.

Mr Yegor Ligachev, a politburo member and Communist Party secretary responsible for ideology, offered in a speech on Wednesday an interpretation of the Brezhnev years startlingly different from the picture of decay and inertia often painted by Mr Gorbachev.

While acknowledging setbacks in the 1960s and 1970s, the height of Mr Brezhnev's rule, Mr Ligachev told a meeting of teachers that this period had also seen Soviet people improve their spiritual and material lives.

Analysts said the speech appeared the most concerted attempt yet by a senior Soviet official to portray Mr Brezhnev's rule as a time of successes as well as failures. Senior officials usually emulate Mr Gorbachev in emphasising the failures.

"This really reads like the kind of old thinking that Gorbachev constantly deplores," one specialist at a Western embassy said. "Ligachev is ignoring virtually everything that Gorbachev has said about the Brezhnev times."

Mr Ligachev's speech in the town of Elektrostal, 40 miles east of Moscow, was published in extracts by the party daily It appeared in full in the relatively obscure Education Ministry newspaper, Uchitelskaya Gazeta, and the Moscow region publication, Leninskoye Znamya.

Among passages omitted from Pravda's text was an attack on people exploiting Mr Gorbachev's drive for glasnost (openness). "Some people are trying to use glasnost to settle personal accounts and are practi verbiage," Mr Ligachev said.

In another sentence excised from Pravda, he denounced some reformist Soviet intellectuals for suggesting that the party had not been sufficiently thorough in condemning the repressions of the late Josef Stalin.

These remarks identified Mr Ligachev as a firm supporter of conservatives alarmed by the Soviet media's increasingly frank discussion of Stalin's repressions and by the scorn poured on the failings of Brezhnev's rule.

Mr Ligachev has also voiced orthodox views on cultural issues, asserting the need for strict party control over the arts. He has offered less than enthusiastic support for reforms in internal party procedures backed by Mr Gorbachev.

In his remarks on the Brezhnev era, Mr Ligachev said: "National income grew fourfold. People's lives became richer, materially and spiritually. Military-strategic parity was achieved between the United States and the Soviet Union."

In what analysts said was an unusually emotive passage, he described how he had spent the Brezhnev years in the Siberian regions of Tomsk and Novosibirsk and did not regret a single day of his work.

"At that time, under the party's leadership, a powerful centre of Soviet science took shape in the expanses of western Siberia through the efforts of the whole countdy. An oil and gas complex on a world scale was formed," he said. "Here, under difficult conditions, true Communists were forged, people with a strong character and high moral cleanliness. I am infinitely grateful to fate that it took me along with them."

Botha to introduce restrictions on independent press

BY JIM JONES IN JOHANNESBURG

THE BOTHA Government is to introduce additional press restrictions today to curb newspapers it says are "generating support for revolutionary organisations."

The new restrictions were not specified in parliament yesterday by Mr Stoffel Botha, the Minister of Communications and Home Affairs. However, they are widely believed to be aimed at independent left-leaning newspapers such as the Weekly Mail, New Nation and South.

In parliament yesterday Mr Botha said the new restrictions were needed because the newspapers and news agencies in question "showed complete contempt for the hallowed press values established over centuries." He said the Government was compelled to act because the outlawed African National Congress had said it would use the press to bring about revolution in South Africa.

Though Mr Botha said the offending newspapers were to the left and right of the political spectrum, he did not mention any of South Africa's ultra-right and neo-Nazi organisations.

In another development Mr Riaan Eksteen has denied rumours that he is to be replaced as director-general of the South African Broadcasting Corporation. The rumours have been growing since Monday when the government-controlled television gave 11 minutes coverage to Mr Allan Hendrickse, the Labour Party leader, in the evening's prime news slot. Mr Hendrickse, who is a Coloured, explained why he had quit President Botha's Cabinet.

According to unconfirmed reports from SABC staff members the news team had been instructed to carry additional coverage of letters to Mr Hendrickse from President Botha.

Tunisian trial fails to halt radical groups

BY FRANCIS GHILES IN TUNIS

TUNISIA'S LARGEST trial of radical Islamic activists in four years started yesterday at the state security court in Tunis. The trial of 92 activists, who are accused of threatening state security and could face the death penalty if convicted, was immediately adjourned until next Thursday.

It is the culmination of an unprecedented crackdown on Islamic militants, who are now posing the most serious challenge to the Government of President Habib Bourguiba since the bread riots of January 1984. About 400 people have been sentenced in recent months to jail terms of up to six months for illegal assembly, distributing illegal pamphlets and insulting the head of state.

At least 1,500 people are now believed to be in custody including the leader of the largest and oldest Islamic political movement, the Movement de la Tendance Islamique, Mr Rashid al Ghannoushi, who is one of those on trial yesterday.

The arrests have not stopped groups of Islamic radicals from staging regular demonstrations—involving the chanting of religious slogans, stone-throwing and car-smashing—in the heart of Tunis.

But the confrontation between the authorities and Islamic militants has reached a new pitch of intensity since the explosion of four bombs in hotels in Monastir, the President's birthplace and his summer home, and Sousse, from where many other Tunisian leaders hail.

Responsibility for the Monastir and Sousse bombings was claimed by the Islamic Jihad, a shadowy radical group. But the authorities were quick to blame the MTI. Tunisians arrested so far in connection with the explosions are said to belong to it, though those of its leaders who are not imprisoned have twice, from their European exile disclaimed any responsibility and reaffirmed their belief in peaceful political action.

The Government is unimpressed, and believes the truth is simpler and starker: that the MTI's aim is to overthrow the regime by any means, an endeavour in which it has the full support of Iran.

President Bourguiba broke off relations with Tehran last March after the arrest in Paris of Tunisian nationals linked with Iranian terrorist networks. Senior officials here point to the fact that Iran's former representative in Tunis, Mr Ahmed Khamari, is a former Revolutionary Guards officer and played an active role before his appointment in building up the Hizbollah movement in south Lebanon. The evidence the Tunisians have presented so far has, however, failed to convince some of Tunisia's closest Western allies.

Concern has increasingly focused on the large scale crackdown on anyone suspected of supporting the MTI, which has intensified since the beginning of this month. Apart from the wave of arrests, others have gone into hiding while allegations of brutality in prison and police stations abound. The short but violent demonstrations which have occurred in Tunis since March suggest the radical Islamic groups are very well organised.

The MTI was formed in 1978. It was reformist and preached non-violence. The authorities looked upon it kindly as, throughout the 1970s, they were waging battle with left wing groups, especially on the Tunis University canvas.

In 1981 the MTI failed to win legal recognition ahead of general elections which for the first time allowed other parties than the PSD to campaign. Not one opposition candidate gained a seat in Parliament and the evidence of fraud which quickly emerged led to a period of repression in 1982-1983 which split the MTI into a variety of factions.

Some activists linked up with the Hizb al Tahrir al Islamiya (Islamic Liberation Party), a group founded in Jordan in 1948 which believes in restoring an Islamic state by violent means, and whose headquarters are believed to be in West Germany.

Faced with these fissiparous groups the task of the police is not easy. Nor is it helped by the many changes which have occurred among senior Government officials in recent times, such as the dismissal of Mr Mohammed M' Zali, the former Prime Minister, last year.

The radical Islamic groups do not present today a real threat to the Tunisian regime. Unlike their Egyptian equivalents who send deputies to Parliament, the Tunisian groups do not have any real influence, let alone power in education, the police or civil service. But they are symbolic of widespread political frustration.

The radical Islamic groups do not present today a real threat to the Tunisian regime . . . They do not have any real influence let alone power in education, the police or civil service. But they are symbolic of widespread political frustration.

In recent years opposition newspapers have often been suspended or banned, their leaders put under house arrest or in prison, with a seemingly endless series of trials, the result of which has been to make the Government look indecisive and at times downright ridiculous. The trades union movement, Union Generale des Travailleurs de Tunisie (UGTT), by far the best established in Africa, has seen its influence severely curtailed, and this weakening has played directly into the hands of the more radical Islamic groups.

Meanwhile many members of the ever changing Government spend their time "placing" themselves for a succession which they have been anxiously awaiting these past 15 years. Such a climate can only encourage a resort to violence. The need for more dialogue, for new and younger faces in the Cabinet—in other words, for an end to the absolute monopoly of power of the old PSD guard—has never been more keenly felt.

West Germany points 'wine road' in new direction

BY DAVID MARSH IN NEUSTADT AN DER WEINSTRASSE

WEST GERMANY'S 60-mile-long Wine Road (Weinstrasse), meandering among vineyards and villages between the Rhine and the French border, on Sunday will be awash with the red, black and gold of the country's national colours.

As part of a summer-time day of festivities in the Rhine-Palatinate wine region, the road will be closed to the normal high speed wave of BMWs and Audis. Instead, unfurled over its length will be a continuous strip of what the organisers claim will be the world's longest national flag.

Quite apart from signalling renewed attachment to national colours in this Conservative-voting region, the event is designed to give a promotional boost to the wine road at a time of setbacks for wine growers.

The Rhineland - Palatinate, which accounts for about a quarter of the country's vineyards, is producing more and more wine in spite of an ebbing of consumer demand caused above all by scandals about illegal wine additives in Austria and West Germany.

The highway running along the castle-strewn foothills of the Palatinate mountains was designated the "wine road" in 1935.

After being battered by the Allied advance in the closing months of the war, the region made an exemplary recovery. But now, according to Mr Karl Fuhrmann, president of the Rhineland - Palatinate wine growers association, "circumstances have changed" after a golden period up to the mid-1980s. Since demand is no longer keeping pace with production, "there is general pressure which everyone is facing."

At Neustadt, the main town on the Weinstrasse, the problems faced by Mr Dieter Ohnesorge, the mayor, stem less from the vineyards' troubles, more from the financial burdens resulting from 20 years of costly renovation.

Neustadt is one of the rare Palatinate towns never to have been razed in 16th and 17th century fighting — and boasts as a result more than 2,000 listed buildings. With 7m vines and production of 20m litres of wine per year, it is West Germany's biggest wine town by far. And with around DM 4,000 (£1,350) of debts per head of its 50,000 population, it is also one of the most heavily indebted.

The town is pinning its future on attracting high technology industry and boosting tourism. Mr Ohnesorge seems to have little time for the traditional Palatinate wine festivals whose objective is to "pump people full of wine." Instead, his aim, based on new co-operation between wine growers, hoteliers and tourist agencies, is to draw more high spending individual travellers to sample simultaneously the Palatinate's scenery, culture and wine.

Judy Dempsey reports from Vienna on the uncertain prospects for privatisation

Austrians shrink from risky capitalism

THIS AUTUMN, the Austrian government will launch its own version of popular capitalism. The problem though, it seems, will be persuading the populace to participate.

Austrian privatisation will not be of the type carried out by the Thatcher government in Britain, where share-buying is an old-established tradition. The Austrian brand is more limited, more cautious, more politically charged.

But after years of the state managing, often badly, large parts of the country's industry and recording huge losses, the Socialist-led coalition government has decided that the state must step back and the taxpayer must stop featherbedding inefficiency. The Government has already allocated Sch 32bn ($2.6bn) of taxpayers' money to cover losses in state-run industry between 1986 and 1990.

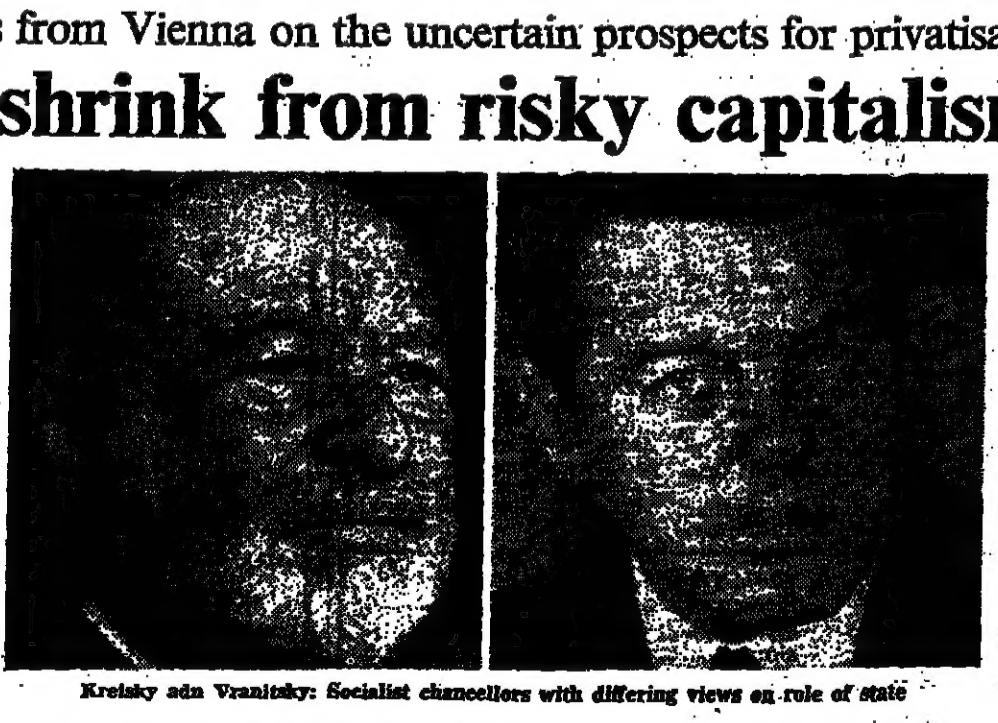
Dr Franz Vranitzky, the Socialist Chancellor and a former finance minister, has reached a compromise with his own party. The state will retain 51 per cent of its interest in nationalised industry. The remaining 49 per cent will be sold off to the public. But the question remains will Austrians buy the shares which are up for sale?

The answer is a qualified no. Only two Austrians in every hundred, about 150,000 people, own any shares, and according to analysts, it's going to be a long struggle to persuade the other ninety-nine to pull their money out of risk-free bonds and savings accounts and to shake off years of being protected by the state.

Part of the reluctance to buy shares is historical caution. Mr Anton Berger, director of the securities department in the Erste Spar Kasse bank in Vienna says these attitudes stem from the experiences of the two World Wars. "The Austrians lost their empire after 1918 and lost everything again after 1945. They had to rebuild from scratch. They looked for security, for certainty. They did'nt want to think of risk."

Post-war Austrian governments, especially those formed after the four powers withdrew from Austria in 1955, helped to foster this feeling of certainty and stability. Successive governments protected the state-run industries and neglected the role of capital formation.

Over the years, employees in state-run industries received generous bonuses, good salaries, excellent fringe benefits and handsome pension schemes, which combined, created the image of a paternalist state caring for its citizens. "There was no fear of unemployment. The state would always bail loss making industries out of



Kreisky adn Vranitsky: Socialist chancellors with differing views on role of state

trouble," one senior banker said, a policy which was unashamedly pursued by the former socialist chancellor, Dr Bruno Kreisky. "He prided himself on not knowing a thing about economics," a respected banker commented. "He refused to consider any restructuring or any unemployment. Now we have to pick up the pieces."

Privatisation is one of the ways in which the government is going to shake up industry. But attitudes of risk-aversion have to be changed. Dr Alfred Regele, head of securities at Creditanstalt, Austria's largest bank, thinks the antipathy to share buying and risk-taking, besides being linked to the past, is also linked to previous government's economic policies. "Yields were very high on savings books and government bonds. People were receiving between 6 and 8 per cent interest. There was no need to buy shares which were considered to be too risky." Furthermore, he says, dividends were subjected to double taxation which was no incentive to the small investor.

Over the past year, however, double taxation has been abolished and the yields on government bond savings have been reduced, all in an attempt to make share buying a more attractive proposition. "If we can get just 1 per cent of the Sch 900bn which is at the moment wrapped up in savings, we will be pleased," says Dr Regele, who is hoping that the Austrian share-holding population will increase to 400,000 over the next two or three years. He also thinks that people must become more aware of the long-term consequences of the privatisation programme which will lead to unemployment and substantial decreases in fringe benefits and pensions. "People must understand that buying shares will give them capital for the future,

But who is putting this message across? Certainly not the government. There's none of the razzmatazz of Mrs Thatcher's appeal for a share-owning democracy. No bill boards and posters urge Helmut, Otto or Gerhard to buy shares in, for example, Laenderbank, the country's third largest bank, which will be partly sold to the public. The newspapers are practically silent, television and radio uninformative.

Dr Regele knows it will take time for Austrians to change existing attitudes to responsibilities and rewards, to look towards the future and to make their own choices about how they invest their savings. Autumn will be a first step. The pundits are already predicting a "politically hot" few months ahead.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: D. Albino, Frankfurt/Main. Guiollettstrasse 54, 6000 Frankfurt am Main 1. Tel: 75980; Tlx: 416193; FAX: 722677.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

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Israel lifts curbs on Palestinian EC exports

By Andrew Whitley in Jerusalem

THE ISRAELI Government, under renewed pressure from the European Community, has backed down from its adamant refusal to permit agricultural produce from the occupied Arab territories to be exported to EC markets through Israeli ports.

But Jerusalem is still determined to maintain control over the potential exports—estimated at an annual volume of approximately $20m—through the establishment of a new marketing organisation in the territories.

A three-man ministerial committee composed of Mr Shimon Peres, the Foreign Minister, Mr Arieh Nehamkin, the Agriculture Minister, and Mr Yitzhak Rabin, the Defence Minister responsible for the West Bank and Gaza Strip regions, agreed on Wednesday to relax a 15-year ban on allowing Palestinian produce to compete with Israeli exports.

This followed a renewed appeal to the Israeli Government earlier this week from the European Commission, not to block the implementation of an EC directive of last October giving access on favourable terms for fruit and vegetables from the occupied territories.

Until now Israel has insisted that by law all fresh produce sent through Israeli ports had to be handled by one of two state marketing organisations, the Citrus Marketing Board or Agrexco, which handles all non-citrus items. An exception to this rule was exports to Eastern Europe where Israeli produce is not present.

Crackdown ordered in South Korea

MR KIM CHUNG-YUL, the South Korean Prime Minister, yesterday ordered a crackdown on what he called "radical leftist forces" in the country, Richard Gourlay reports from Seoul.

The Government has become increasingly concerned about radical left-wing agitation since the National Coalition Democratic Constitution anti-government group allegedly interfered in a strike at Daewoo Shipyard.

A worker was killed by shrapnel from a teargas canister fired by riot police protecting management last weekend. The shipyard strike and a dispute between the dead worker's family, the strikers and the NCDC activists over funeral arrangements was resolved peacefully late on Wednesday.

In his statement after a Cabinet meeting, Mr Kim said leftist forces are trying to overthrow the nation's democratic system.

In a related move, the Ministry of Justice said yesterday that it had set up a special investigative body and was holding about 60 suspected leftists for interrogation.

Observers say there were few radical students in the demonstrations in June which led to the democratic reforms and that radicals in the universities are only a vocal minority. So far union strikes have been non-political.

Tony Walker reports on the ramifications of a new assertiveness after Mecca riots

Iranian threats exhaust Saudi patience

WHEN PRINCE Nayef bin Abdulaziz, Saudi Arabia's interior minister, referred in a briefing with the foreign Press this week to events in the Arabian peninsula 64 years ago it merely served to underline the seriousness with which the Saudi royal family views the challenge to its position posed by the recent incident at Mecca.

Prince Nayef, who has been at the forefront of an uncharacteristically assertive Saudi campaign against Iran since the July 31 episode in which more than 400 people died, invoked the memory of his father, Ibn Saud, the founder of Saudi Arabia. It was Saud who in 1924 took control of Islam's most sacred shrine.

"Not a single flaw," Prince Nayef declared, "has marred the purity of the pilgrimage over the last 64 years (since) King Abdul Aziz established law and order in this land, save for what some Iranian pilgrims did during the pilgrimage that has just ended."

Saudi Arabia's interior minister later warned that Iranians may be excluded next year from participating in the *haj* to Saudi — the sacred duty of all moslems — if threatened to repeat the incident.

Asked to comment on reports that Iran was planning to send half a million revolutionary guards to Mecca next year, Prince Nayef said that if these reports were correct it would constitute an invasion of Saudi Arabia. "You do not expect any government to keep its seaports and airports open to the invader," he said.

Observers in the kingdom are asking whether Saudi Arabia's vigorous public defence of its handling of the Mecca riot, in which 275 Iranian pilgrims died, many trampled to death, signals an important shift in the conduct of its foreign policy or whether its current assertiveness is an aberration.

Prince Nayef: purity of the pilgrimage

Views differ among Saudi intellectuals and foreign observers over consequences of the Mecca episode, but all those interviewed said that it had jolted the royal family into a realisation that previous attempts to preserve elements of a working relationship with revolutionary Iran had failed.

Saudi rulers were particularly troubled, it is said, by what were seen as vicious Iranian attacks on their historical claim to be custodians of Mecca and Medina. The legitimacy of their rule rests in part on this claim.

Iran's criticism of the personal lifestyle of the Saudi royal family, who are highly sensitive about allegations of profligacy and moral corruption, also helped to provoke a bitter reaction. "I think the Saudi government is fed up — enough is enough," said a Saudi intellectual.

This loss of patience or, as it is being described in come quarters, uncharacteristic display of emotion, is reflected in local newspapers which appear to be attempting to outdo each other in the level of vitriol directed at Iran. Saudi journalists say that for the first time they have been given *carte blanche* to attack Iran.

"They've really pulled the stops out," said a foreign official. "Every day there's a new revelation. It's been quite a tough campaign." This week the Saudi press splashed on its front pages photographs of Saudi Arabia's ransacked mission in Tehran.

Riyadh has been particularly angered by the death of one of its officials in Tehran from injuries received when an Iranian mob stormed the embassy. This episode appears to have stirred almost as much anger in the Kingdom as the Mecca incident itself.

Saudi officials are continuing to insist that no shots were fired at Mecca.. Prince Nayef repeated this assertion to the foreign press this week. But independent accounts strongly suggest that shots were fired when it seemed that Iranian demonstrators were thereatening to break through a police cordon and enter the precincts of the Grand Mosque.

Saudi Arabia's national guard, composed of Bedouin tribesmen, is known to have been on hand in Mecca because of fears of planned demonstrations getting out of control. It would be surprising if this elite unit was not employed when it seemed that the Grand Mosque itself was threatened.

The 1979 episode in which 500 extremists, led by a Saudi citizen from a well known family, occupied Islam's most sacred shrine, demonstrated the vulnerability of the holy places to a determined plan of disruption at a time of the year when Mecca is host to more than 1m pilgrims.

Saudi Arabia's new assertiveness was demonstrated in Tunis at the weekend when Prince Saud al-Faisal urged his fellow Arab foreign ministers to adopt "unanimous and practical decisions to meet the challenges and obstinancy of the Tehran regime."

Prince Saud proposed Arab-backed sanctions against Iran, but in the end Arab League foreign ministers, at the urging of Syria, adopted a resolution giving Iran until September 20 to comply with United Nations Security Council calls for a ceasefire in the Gulf war.

> Iran's criticism of the personal lifestyle of the Saudi royal family, who are highly senstive about allegations of profligacy and moral corruption, also helped to provoke a bitter reaction

The Arab League resolution did not spell out specific action proposed against Iran if it failed to comply, but Chedli Klibi, the League's secretary general, said that "if Tehran refuses to submit to the will of the international community, we would find ourselves obliged to revise our relations" with Iran.

Saudi Arabian officials say they were satisfied with the outcome of the Tunis meeting, even though the Arab League resolution fell short of Saudi demands for diplomatic action against Iran. These officials regard the Tunis resolution as a step towards building an Arab consensus on ways to deal with Iran.

The main effect of the Mecca riot, according to observers here, was to dispel any illusions that may have been held about the determination of elements in Iran to cause disruption in states on the Arab side of the Gulf, especially in those countries crucial to Iraq's ability to continue prosecuting the war.

Recent statements by Ali Akbar Hashemi Rafsanjani, the powerful Iranian parliamentary speaker, threatening retaliation against Iraq's Gulf allies if the Iraqis resume air strikes against economic targets on land and in the Gulf itself, have added to concerns here.

Saudi Arabia's new assertiveness may also be attributable to worries about the big US naval build-up in the Gulf which is adding further to tensions. It is no secret that the Saudis were displeased with Kuwait's bold initiative to involve the superpowers more directly in the Gulf by seeking protection for its tankers.

Saudi officials have shown little public enthusiasm, and even less in private for the Kuwaiti move. But they recognise that the American presence in the Gulf is now a fact of life. A western official summed up the Saudi attitude thus: "they feel, like everyone else, that if it works it's fine, if it doesn't it's a disaster."

This official believes that whether Saudi Arabia holds to its more assertive policy, or whether once again it draws a veil over its diplomacy depends on circumstances. "It depends," he said "on what happens in bilateral relations with Iran. We are clearly not talking about a short term problem. The Iranians have notched the dispute to another level. Saudi Arabia has taken up the challenge. We'll have to wait and see whether there will continue to be a ratchet effect."

Beirutis demonstrate against price rises

BY NORA BOUSTANY IN BEIRUT

SKYROCKETING prices and government pressure to remove petrol subsidies drove enraged Beirut residents onto the streets yesterday in the first such public protest against economic conditions in Lebanon.

In mainly Moslem West Beirut, young men burned tyres and blocked the road leading to Beirut airport. Looters smashed the booths of money changers in the commercial Hamra district and carried away all the cash and banknotes they could find. The protest march began peacefully but anger over the plummeting exchange rate of the Lebanese pound and scarce petrol supples soon gripped the mob.

Syrian troops fired their automatic weapons in the air to disperse the crowds thronging outside the main gate of the Central Bank and chased protestors out of Hamra and its sidestreets.

Prices for basic commodities such as sugar, milk and meat and cheese and other household items have risen by 300 per cent since January this year. Lebanon's Consumer Protection Agency, an organisation affiliated to the Ministry of Economy, said in its latest report that the worth of Lebanon's minimum wage of 4,300 Lebanese pounds a month had dropped from $50 eight months ago to $16 this month.

To stall panic over the slipping exchange rate of the Lebanese pound *vis-a-vis* other hard currencies, the Central Bank has repeatedly abstained from pricing the Lebanese pound. A rush by Lebanese, no matter how modest their income, to convert their savings into dollars has added to the inflationary pressure against the Lebanese pound

Even vegetable Barrow boys in West Beirut have their ears glued to radio stations and their hands ready with a calculator to adjust the prices of their latest produce "according to the latest fluctuation of the dollar."

"We have started to smash everything," 23-year-old Said Saiid said. "Today we dealt with exchange dealers and tomorrow we will deal with the supermarkets and then the homes of the politicians."

China toughens debt rules

China put into effect tough regulations yesterday aimed at tightening control of its spiralling foreign debt, with strict penalties for those who keep unauthorised bank accounts abroad, **Reuter reports from Peking.**

The new rules, published in the China Daily, say that all Chinese companies which want to borrow abroad must register with the State Administration of Foreign Exchange Control and get prior approval, or face stiff penalties.

China's first detailed rules for the use and repayment of foreign loans, were intended to improve management and control of the country's foreign debt. Official figures in March put China's foreign debt at $16bn about half of it in low-interest long-term loans. Western estimates put the figure at $22-25bn, very small for an economy as large as China's.

Wang Bingqian, the Finance Minister, said in his budget speech in March that foreign borrowing in 1987 would rise to $3.9bn from $2.1bn in 1986 and $875m in 1985. China Daily said yesterday that a survey at the end of last year had found more than 1,700 companies and financial institutions had taken out foreign loans.

Fishing boats from China worry Taiwan

BY BOB KING IN TAIPEI

OBSERVERS IN Taiwan are puzzled by the sudden appearance of mainland Chinese fishing boats off Taiwan's coast in recent weeks and press reports of intimidation and even violence against Taiwan fishing boats to force them to hand over their catches in exchange for Chinese foodstuffs.

On Thursday, local papers reported that Taiwanese maritime patrols had intercepted three Chinese vessels off Keelung, a port just 15 miles north of Taipei. The newspapers said the Chinese vessels had left Taiwanese waters without incident after the interception.

Another report said that a Chinese vessel with around 20 men, women, and children aboard was detained Wednesday just two kilometers off the central port of Taichung. The report added that the Chinese, who expressed a wish to settle in Taiwan, were sent back to sea after their vessel had been repaired and refuelled.

Chinese vessels have traditionally steered clear of Taiwan. But it has been an open secret that Taiwanese and Chinese fishing boats meet regularly off the coast of China's Fujian province. They often exchange catches for durable goods; in some cases, the Taiwanese swap manufactured products such as television sets for Chinese herbal medicine and prized mainland liquors.

Why the Chinese have started visiting Taiwanese waters is not yet clear. Some regard it as a test of Taiwanese feelings toward the mainland following the lifting of martial law on July 15, others that the Chinese are simply trying to force the issue of direct trade and visits between the two sides, which Taipei has for years flatly rejected.

More problematic are alleged attempts by armed Chinese vessels to force Taiwanese fishermen to give up their catches in exchange for Chinese goods. Violence and intimidation do not fit the pattern of recent years.

WORLD TRADE NEWS

Rising wages threaten W German car exports

BY ANDREW FISHER IN FRANKFURT

RISING WAGES and the strength of the D-mark threatens a further erosion of the competitiveness of the West German motor industry, the country's automobile industry association, the VDA said yesterday.

It described the level of German wage costs, now the highest in the world based on latest currency shifts, as "a risk to be taken seriously." Further cost rises would weaken the industry's sales chances.

German manufacturers had moved steadily up-market and invested heavily in new equipment to offset their cost disadvantages, but the handicap was becoming more difficult to overcome, said the VDA. Germany's cost and currency disadvantages meant that the industry's exports this year would not quite reach the 1986 level. But sales of German cars abroad were still high, totalling 1.3m units in the first half of 1987, just 4 per cent below the first six months of last year.

HOURLY WAGE COSTS IN WORLD MOTOR INDUSTRY

(1986, in D-marks)	
US	41.1
W. Germany	35.8
Sweden	34.4
Belgium	31.4
Japan	29.9
Netherlands	29.6
Italy	25.5
France	25.1
Britain	19.8
Spain	17.7

Figures include pay and social expenses borne by employees.

Source: German Automobile Industry Association

Last year, the industry invested DM 11bn, a rise of 17 per cent over the previous year. With total exports of DM 95bn ($52bn), it was the country's largest exporting sector, ahead of engineering, chemicals and electricals.

Since the end of 1986, German labour costs (including social expenses paid by companies) have become the highest in the world, the VDA said. In German currency terms, hourly wage costs are now nearly DM 36.80 against DM 34.40 for the US and DM 29.80 for Japan.

The concern expressed by the VDA follows worries over costs expressed recently by Volkswagen and two local subsidiaries of US groups, Ford and Opel (part of General Motors).

The VDA said German car workers put in far fewer hours than those of competitor countries, even before the latest wage deal leading to a shorter working week. Japanese employees worked 50 per cent more than their German counterparts and those in the US 30 per cent longer.

Lonrho in MAN Africa lorry deal

By Kenneth Gooding, Motor Industry Correspondent

MAN Commercial Vehicles, the second-largest West German heavy truck producer, has expanded its association with Lonrho, the UK-based international trading company, to strengthen its position in some African countries.

Lonrho is to supply MAN trucks to Kenya, Tanzania, Uganda and Zambia, where demand for vehicles is high but where foreign currency to pay for them limited.

Lonrho already has arranged a barter deal in Uganda for transport equipment, including 40 of MAN's 19-tonne trucks, taking crops, mainly cotton, in exchange.

MAN believes up to 100 trucks eventually will be involved in the deal.

Lonrho has held the import franchise for MAN vehicles in the UK since 1982 and Britain is now MAN's best export market.

Hong Kong picks Japanese lock

Improved product quality and sound knowledge of the market's vagaries helped one country to exploit the rising yen, says Peter Montagnon, World Trade Editor

SELLING TO Japan is "the last frontier" for the territory's exporters according to Mr Jack So, executive director of the Hong Kong Trade Development Council. To judge by their performance over the past 18 months, however, that frontier is being crossed.

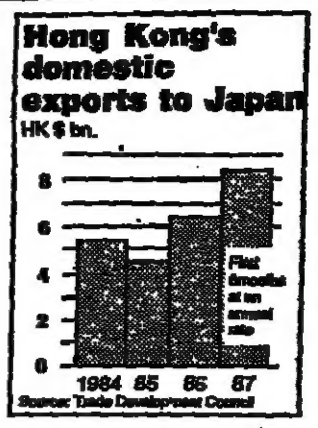
Hong Kong's exports to Japan have begun to take off in a spectacular way. Last year they grew by 39 per cent to HK$6.2bn, but in the first half of this year the pace accelerated rapidly with a 71 per cent increase to HK$4.1bn.

The strength of the yen, the territory's growing reputation for producing high quality goods for the luxury end of the retail market and a determined effort, spearheaded by the TDC, to work through Japan's complex distribution system are all factors in the equation which has produced this growth.

For Japan the growth in trade is a welcome demonstration that its market is not entirely impenetrable. For the world at large it shows that raising export sales to Japan is not necessarily a forlorn task, even if Hong Kong is in some ways simply the chance beneficiary of market-opening pressures applied by others — the US and Europe.

Observers of the Asian trade scene have been looking for signs of increased regional purchasing by Japan ever since the Yen began to rise in late 1985, making it sensible for Japanese companies to purchase more components abroad as a means of reducing local manufacturing costs. Yet a glance at Hong Kong's trade statistics shows that this is only part of the story.

By far the largest share of Hong Kong's exports to Japan takes the form of finished goods of which the territory has long been a final exporter in its own right. Particularly strong have been sales of fur garments, worth HK$1.1bn in the first half, and jewellery, worth HK$491m.



One of the more gratifying aspects of these sales is that they show how Hong Kong has been able to live up to Japan's notoriously stringent quality requirements, reinforcing its image as a territory that has been able to upgrade the quality of its exports. Since last year Japan has accepted Hong Kong's safety standards certification procedure for toys but acceptance of Hong Kong products in the Japanese market has also required aggressive promotion of its new quality image with the public.

Mr So says that Hong Kong has also had to overcome trade barriers imposed by Japan in key sectors. For example, Japan has maintained a high tariff of between 25 per cent and 30 per cent on fur garments while abolishing duty on imports of raw skins to protect the local industry. There are no quotas on imports of textiles but the Japanese authorities insist on a confirmation procedure for silk imports which takes time and works against foreign sellers.

Yet the greatest obstacle has been the obscurity with which Japanese markets operate. This has always been a deterrent to Hong Kong exporters. "Half the effort has been in persuading people in Hong Kong to make the commitment. Only three years ago they thought it was impossible to even try."

Earlier this year the TDC prepared a study of what it calls Japan's "multi-layered and complicated distribution system" for consumer goods. The work that went into this study has enabled it to advise exporters on how to tackle the Japanese market, for example by direct contact with the key department stores and wholesale organisations.

Among the problems revealed by the study were the way in which profits are absorbed by the distribution system, so that the high value of the Yen gave little price advantage to retailers themselves. But many, it says, have now started to import direct, especially in the jewellery business "where the purchase by a single retail outlet can amount to millions of Yen making the resultant profit justify the risk and cost involved in direct import."

Such a direct approach to the retail trade is made easier by the presence of some nine leading Japanese department stores in Hong Kong. "We try to tell them not only to sell but also to buy—to source their products in Hong Kong," says Mr So.

Hong Kong's exports to Japan still make up a very small part, amounting to some 8 per cent, of its total domestic exports, but the additional business now being generated has helped reduce Hong Kong's dependence on the US market which now takes only 38 per cent of domestic exports compared with 44 per cent as recently as 1985. Ultimately Mr So believes that Japanese technology, Hong Kong management and capital and low-cost Chinese labour contain the seeds of a new self-reinforcing relationship of mutual interdependence.

It would be ironic if such a stronger trading link were forged as a result of US pressure on Japan to open up its markets to imports. Though Hong Kong's HK$43.5bn trade deficit with Japan last year was the third largest in the world after the US and West Germany, the territory has never seen its effort to sell into Japan as a specific response to its bilateral trade deficit.

Hong Kong has always carefully adopted a multilateral approach to trade policy. Quite simply, says Mr So, "any business is exciting for us." That means its exporters are ready and willing to exploit any market-opening opportunities even if they are created by others.

The Japanese frontier may now be being crossed, but another one already seems to be looming. Also under pressure from the US to import more is Taiwan, and that is something which has not escaped Mr So's attention. Taiwan, he says, "is a peach ripe for picking."

US car-making states seek new Canadian pact

THE GOVERNORS of seven top car-producing states in the US have urged Washington to negotiate a new automobile trade pact with Canada, AP-DJ reports from Lansing, Michigan. The governors claim that the current auto agreement is "distorting investment and trade" to Canada's benefit.

"We believe that an equitable agreement which lowers the existing ... barriers should enhance the economies of both countries," the governors of Michigan, Missouri, Indiana, Illinois, Kentucky, Ohio and Wisconsin said in a statement.

The governors say the 1965 treaty, which allows some motor vehicles to pass duty-free between the US and Canada, "limits our ability to attract new investment and hinders our companies' access to the Canadian market."

Under the pact, US car makers must make one car in Canada for every car sold there.

The pact has long been unpopular among US car-workers because they claim it secures jobs for Canadians without equal protection for US workers.

US, Iraq sign 5-year trade expansion deal

BY OUR FOREIGN STAFF

US AND Iraqi officials have signed a five-year trade agreement aimed at expanding commercial ties between the two countries.

The pact, signed by Mr Clarence Brown, Acting Commerce Secretary, and Mr Mohamed Mehdi Salih, Iraqi Trade Minister, is aimed at reducing impediments to trade and investment and simplifying visa procedures for business travellers.

Mr Brown said he expected the accord, signed on Wednesday, to enhance US business opportunities in energy agriculture, finance, transportation, health and construction engineering.

But Phyllis Oakley, State Department spokeswoman, said Iraq would not be able to buy American weapons. US policy in the seven-year-old war between Iraq and Iran prohibits arms deals with either side, she said.

The US is officially neutral in the conflict, but its navy has been escorting oil tankers from Kuwait, considered an ally of Iraq.

The pact with Iraq is an umbrella agreement, with specifics to be worked out in further talks, said Claire Buchan, Commerce Department spokeswoman. "It opens the door to co-operation in the future," she said.

Iraq is the third-largest market for US exports in the Arab world, after Saudi Arabia and Egypt.

In 1986, the United States imported $473m in goods from Iraq, and exported $527m worth. Petroleum topped the list of imports; agricultural products led the exports.

Trade with Iran is unbalanced. The US last year bought $569m in goods ranging from rugs to caviar to pistachio nuts. But most sales to Iran are subject to licensing restrictions, and the US sold only $34.1m worth in 1986, mainly elevators and construction cranes.

Washington maintained a trade embargo against Iran until 1981, when hostages taken captive at the US Embassy in Tehran were released.

Linde to build China gas plant

LINDE of Munich has signed an 80m yuan contract to build a gas liquefaction plant at the Zhongyuan oil field in Henan, central China, the China Daily said. Reuter reports from Peking.

It said the plant, due to be finished in about 20 months, will process up to 1.2m cubic metres of natural gas a day to produce propane, butane, natural gasoline and dry natural gas. The natural gas would otherwise have been flared and wasted.

The plant is being funded by a loan from the World Bank, the paper said, but it gave no more details.

China and Nepal boost air links

CHINA and Nepal have agreed to begin charter flights between Lhasa, the capital of Tibet, and Katmandu, the capital of Nepal, the official Xinhua News Agency said yesterday, AP reports from Peking.

Xinhau said China's national airline, the Civil Aviation Administration of China, will make the first flight in mid-September.

Chinese and Nepalese officials agreed that the trans-Himalyan air link would promote tourism

Japan closer to curbs on high-tech sales to East bloc

THE LOWER HOUSE of Japan's Diet (Parliament) yesterday voted for tougher controls over strategic exports to Communist countries, writes Yoko Shibata in Tokyo. The bill, supported by the ruling Liberal-Democratic Party and the Democratic Socialist Party, now goes to the upper house for final approval.

Under the bill, offenders would face a maximum of five years in prison, compared with the current three years, and could be banned from trade with Communist countries for a maximum of three years, compared with the current one year.

The Government's decision to revise the law was prompted by Toshiba Machine's recent sale of high-performance machine-tool technology to the Soviet Union.

Faced with US pressure over Toshiba's illicit export of the sophisticated milling machines, the Ministry of International Trade and Industry is seeking to increase the number of export document inspectors to more than 100 in the fiscal year 1988.

The Toshiba affair has also had a dramatic effect on Japan's exports of machine tools. These plummeted by 64.5 per cent in the six months to June 1987 to Y7.26bn on a customs clearance basis, as a result of the severe overseas criticism of Toshiba, the Ministry of Finanace said.

Japan's machine tool shipments to Soviet Union during the half-year amounted to only Y1.16bn, a reduction of 73 per cent on the previous year's figures.

AMERICAN NEWS

Nunn rules out entering presidential race

BY LIONEL BARBER IN WASHINGTON

SENATOR SAM NUNN of Georgia, the great white hope of many Southern Democrats, said yesterday that he would not enter the 1988 Presidential race.

Mr Nunn, a conservative, cited his responsibilities both to his family and to the Senate Armed Services committee, which he chairs.

His decision removes a heavyweight from the Democrat contest, providing a counterweight to the seven current Democrat contenders, none of whom has emerged as a genuine front-runner.

Coincidentally, a Republican contender for his party's Presidential nomination, Mr Paul Laxalt, a former senator of Nevada, said he was not, after all, going to run. Though a longshot, Mr Laxalt, a close friend of President Reagan, said he had raised more than $1m.

On Tuesday night, Mr Laxalt announced that his fund-raising efforts had fallen short and he did not want to risk putting his family in a "financial black hole" by entering a futile campaign.

Mr Laxalt's early exit leaves the Republican race divided between the two leading contenders, Vice President George Bush and Senate minority leader, Senator Robert Dole, and three pushing hard to catch up: the Rev Pat Robertson, Congressman Pete DuPont and Congressman Jack Kemp.

Mr Nunn had been pushed hard by Southerners and Washington political pundits to enter the race because he is far better known nationally than the present Democrat candidates, barring the Rev Jesse Jackson, the black activist outsider. But while he is an acknowledged expert on arms control ("the Pope of defence"), his far from liberal record on social issues such as abortion and judicial appointments would have hurt his prospects among sections of his party.

He is, however, the second Democrat national politician, after Governor Mario Cuomo of New York, to cite family reasons for not entering the campaign, an indication of the strain of running for the Presidency.

● Senator William Proxmire, the 71-year-old Wisconsin Democrat who chairs the Senate banking committee and ranks as one of the most outspoken critics of government spending, said yesterday that he would not seek re-election to the Senate in 1988. He made his announcement on the 30th anniversary of his election to succeed the late Senator Joseph McCarthy, the notorious anti-Communist.

Mexico's Volkswagen workers end strike

By William Orme in Mexico City

WORKERS AT Volkswagen, the biggest car manufacturer in Mexico, accepted a 78 per cent pay rise on Wednesday, ending a strike of nearly two months.

Production at Volkswagen de Mexico's car plant in Puebla, 60 miles east of Mexico City is scheduled to resume on Sunday. The union walked out on July 1 demanding a basic pay rise of 100 per cent plus a 22 per cent "emergency" increase, linked to a national minimum wage adjustment.

Under an agreement negotiated by government mediators salaries were raised 78 per cent under terms that include two 22 per cent increases and a 32 per cent base pay raise.

At the peso's current exchange rate, the new wage scale for most Volkswagen workers range from $7.75 to $12.80 for an eight-hour day; the highest-paid unionised employees earn $19.45 a day. The contract is back-dated to July 1.

Under Mexican law the workers will receive half pay for days spent on strike.

Volkswagen first proposed an immediate 15 per cent wage cut and the 700 redundancies among its 10,500 unionised workers. Plans for the redundancies have now been postponed. "There were no winners or losers here." Facundo Antelmo Delgado, the union's leader, said.

Canadian initiative likely on railways

THE Canadian labour minister, Mr Pierre Cadieux, was yesterday poised to ask parliament for the power to order 48,000 striking rail employees back to work, writes David Owen in Toronto. This follows the breakdown of mediated talks between union and railway management representatives.

Commons leaders were expected to begin discussions on a back-to-work bill yesterday. For its prompt expedition, such a bill requires the consent of all parties.

According to head mediator, Mr William Kelly, the talks broke down on the issue of job security.

Reagan attacked by conservatives over arms plan

BY LIONEL BARBER IN WASHINGTON

AS PRESIDENT Reagan moves closer to an arms deal with the Soviet leader Mr Mikhail Gorbachev, he is coming under fire from his core political constituency: the conservative right.

Conservative pressure groups – long sceptical of any pact with Moscow – are stepping up criticism of the Administration.

This week, they seized on the US decision to modify safeguards against cheating in the proposed superpower accord to eliminate globally all medium-range nuclear weapons.

Mr Howard Phillips, chairman of the Conservative Caucus, said in Washington: "The climbdown on verification is clearly another step in the direction of getting a treaty at any cost."

The Administration has long argued that once Moscow agreed to scrap all medium-range missiles (instead of leaving a residual 100 on each side), the verification regime could, by definition, be less strict.

But Mr Reagan's keynote foreign policy speech in Los Angeles on Tuesday attempted to answer his critics on the right.

"Even on-site inspection is not a panacea," he said. "We need to seek compliance with existing agreements too often violated by the USSR."

From there, Mr Reagan was to address the broader question of what has become a consuming issue in Washington: how to avoid being upstaged by a Soviet leader who has successfully projected an image of change and reform in the Soviet Union and an apparent willingness for better relations with the US.

He began with an improbable request: that the Kremlin should publish its annual defence budget, reveal the size and composition of its military forecast, and engage in a public debate in its elected one-party body, the Supreme Soviet.

This proposal enjoys two attractions. First, Mr Reagan can score a propaganda point, underscoring the differences between Western democracies and a one-party state.

Ronald Reagan

Secondly, it allows Mr Reagan to show that Mr Gorbachev's alluring policy of glasnost, or openness, has its limits.

Elsewhere in his speech, Mr Reagan combined a healthy scepticism towards Moscow with what appeared to be a genuine hope for change. "We are also seeing a Soviet leadership that appears more willing to address the problems that have divided East and West so long and to seek agreements of mutual benefit."

But, in words which highlighted the need for the President to cover his conservative flank, Mr Reagan declared: "Soviet occupation forces are still waging a war of indiscriminate bombing and civilian massacre (in Afghanistan)" and "the Soviet Union has stepped up its efforts to impose a failed system on others."

The New York Times, in an editorial, described the speech as "curious" and drew a contrast between Mr Reagan's demand for a public Soviet military budget and less stringent verification.

The ambivalence, however, almost certainly reflects the state of Mr Reagan's mind: ever distrustful of Moscow, but aware that very shortly he could be sitting next to Mr Gorbachev about to sign, in his words, "a historic arms deal".

Sarney defends power of constitution

PRESIDENT José Sarney of Brazil has made it clear he is going on the political offensive against constitutional proposals to limit presidential power and create the post of prime minister, Reuter reports from Brasilia.

The proposal for a parliamentary system was contained in a revised draft of the constitution presented by the head of a key parliamentary committee.

Brazil's Constituent Assembly, convened in February, is preparing a new constitution to replace the one imposed on the country during the 1964-85 military dictatorship.

Mr Bernardo Cabral is heading the committee which prepared a preliminary draft in July and has handed over a revised version.

Mr Sarney immediately attacked Mr Cabral's suggestions. He opposed the creation of a post of prime minister and said a parliamentary system would not bring institutional stability.

Mr Cabral's draft envisages the appointment of a prime minister from the ranks of Congress to act as head of government.

The president, to be elected by direct suffrage for a five-year term, would have a much narrower role than at present.

Mr Cabral's committee has already considered 38,000 proposals put forward by the 559 Assembly members and 120 popular amendments. But the draft will be further revised before it goes to a plenary session on September 20.

Argentine telephone workers join public service dispute

BY TIM COONE IN BUENOS AIRES

MR NICOLAS GALLO, the president of Argentina's state-owned telephone company, Entel, has become the latest casualty in the battle over a wages policy taking place within the Government.

Mr Gallo resigned on Wednesday night after telephone workers joined a wave of strikes in the public sector. They disrupted national and international telephone and telex communications and added to the chaos already caused by a 48-hour stoppage of train drivers and signalmen.

The telecommunications strike was apparently provoked when the Government refused to authorise a substantial wage increase which had been promised earlier to trade union leaders by the Entel management and Mr Gallo.

State bank employees also began shift stoppages yesterday for wage claims supported by the Labour Ministry, but rejected by the Economy Ministry.

Contradictory statements continue to emanate almost daily from both ministries about the timing of a return to free collective bargaining and an end to wage controls which has been promised.

The battle over incomes policy has become one of the most contentious issues within the Government over the past six months. It is likely to have a strong influence on the results of the mid-term elections on September 6.

Mr Gallo's resignation will be an especially hard blow for the Government as he is widely viewed as one of its most able administrators who, before his appointment to Entel at the beginning of the year, made major improvements in the management of the underground railway system of Buenos Aires.

He is a strong supporter of Government privatisation plans and his resignation casts doubt on the future of a major re-organisation and investment plan for Entel which he had begun to draw up.

The plan envisages investments of $1.6bn over the next five years and would potentially make telecommunications the most dynamic sector of Argentina's economy.

Alfonsin taps new source for Viedma

By Our Buenos Aires Correspondent

ARGENTINA'S sumptuous embassy residence in Tokyo is shortly to be put up for sale and the proceeds will be used to help finance the new Argentine capital at Viedma.

A Foreign Ministry spokesman in Buenos Aires said that "for all practical purposes the decision has been taken to sell the property, although it may take several months yet to organise everything necessary for an international tender."

He said the funds from the sale would be earmarked for the new capital.

Unofficial estimates placed the value of the prized piece of property in the heart of Tokyo's commercial centre of Roppongi in the region of $250m to $300m.

The proposal apparently is to have the present building pulled down and to construct office blocks on the site, several floors of which would then be dedicated to the Argentine Embassy and residence. The present embassy offices are reportedly rented at $40,000 a month.

The cost of constructing Argentina's new capital in the south of the country is estimated at $4.6bn spread over 10 years, 30 per cent of which will have to come from foreign financing.

Critics of the plan say it will divert scarce funds from other investment projects and they express doubt over the Government's ability to raise the necessary funds.

Peruvian writer leads protest

DEMONSTRATORS scuffled in the main square of Peru's second city, Arequipa, on Wednesday night as tens of thousands heard the country's leading writer denounce Government plans to nationalise private banks, Reuter reports from Lima.

Police said several people were slightly injured and about 20 were arrested in scuffles with Government supporters during a speech by Mr Mario Vargas Llosa against the nationalisation proposals now being debated by the Peruvian Congress.

Mr Vargas Llosa called for calm as three firecrackers exploded around the colonial Plaza de Armas in Arequipa, about 1,000 km south of the capital.

"Neither these bombs, nor these campaigns of disparagement will intimidate us," the novelist told the crowds.

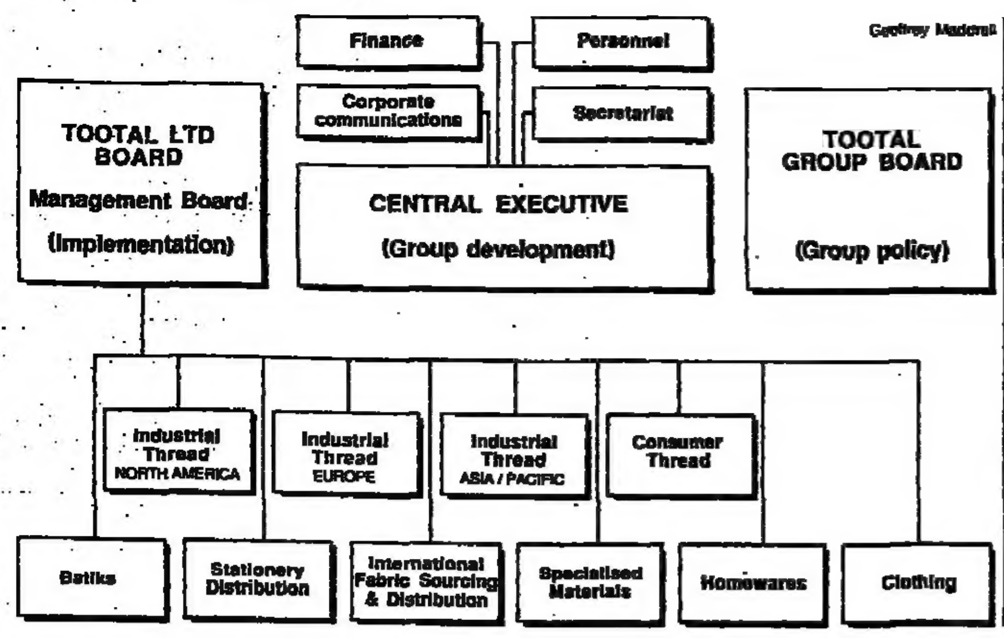
Mr Vargas Llosa has become the spearhead of a campaign by Peru's right wing against the plan to nationalise 10 banks and 23 finance and insurance houses announced by President Alan Garcia last month.

Returning to a theme of a speech in Lima last week, the writer said the Government's plans showed a deep totalitarian ambition and the only thing they had done was to divide the country.

President Garcia, meanwhile, continuing his own campaign to secure wide public support and understanding for the measures, told a rally in Lima that after the nationalisation, the Government would set up regional banks in Peru.

The president has addressed almost 30 rallies on the nationalisation in the past month, concentrating his attacks on the four wealthy families that control private banks and saying they have served their own, rather than national, interests.

MANAGEMENT



Geoffrey Maddrell

How Tootal geared itself up to pursue a marketing 'mission'

Alice Rawsthorn explains the UK textile group's latest strategy

FOR YEARS the trials and tribulations of Tootal have read like a classic account of corporate crisis. Last autumn the new Tootal management team unveiled what reads like a textbook solution for its problems.

This solution involved transforming Tootal - one of the largest British textiles groups - into a business dominated by marketing not production; and using the cash generated by that business to diversify away from textiles into more fertile areas of activity.

The first half of that strategy is now almost complete; the second has just begun.

The Tootal of today is composed of the remnants of the textiles and clothing businesses which were brought together by a series of mergers in the 1960s and 1970s, but ravaged by the economic recession at the start of this decade.

Tootal was forced to close factories and sell loss-making businesses. For the management team the priority was survival. As a result, the group was left with a rather ragged assortment of activities and bereft of some of the businesses which could have helped its recovery had it been able to hang on until conditions improved.

This scenario is only too familiar to many of the remnants of once strong British industries. But Tootal had a double dose of problems. No sooner had it emerged from this crisis, than a predator pounced in the guise of Entrad, the Australian textiles group. The bid was defeated in late 1985 - but at the cost of a year of management time.

When Geoffrey Maddrell arrived from Bowater-Scott as managing director a few months later he found a demoralised management team and a company without a sense of direction. "What Tootal needed was a strategy. If there was one, then no-one knew what it was or where it was leading," he says.

In many ways Maddrell, who is 51, was an obvious choice as a strategist. The textile executives of the 1980s tend to fall into two camps: the traditional market traders, typified by David Alliance of Coats Viyella, or the business school strategists, like Courtaulds' Sir Christopher Hogg. Maddrell is very much in the latter camp. He plainly perceives his work at Tootal as a personal mission; his photograph is sprinkled liberally throughout the annual report.

The framework for the new Tootal is encapsulated within the "mission statement" prepared by the new regime. This describes "a worldwide marketing organisation built upon providing excellent design, service and distribution skills." The first task for the new Tootal was to introduce those skills to the established business; the second was to apply them to other, more fruitful fields.

Yet a company's culture does not metamorphose when its mission statement rolls off the printing press. Tootal's metamorphosis into a marketing-driven enterprise demanded fundamental changes to its structure and culture. The Boston Consulting Group was drafted in to act as adviser.

Hitherto the group had been divided into 50 operating companies. This posed two problems: first, the unwieldiness of running an international business across so many units; and second, the difficulty of attracting managers of a high calibre to such small businesses. Last September it was divided into ten "strategic business units" all defined by activity.

The senior management structure has been altered accordingly. Tootal's board is now split into two tiers: a group and a management board. The former includes executive directors, who decide upon strategy, budgets, management and financial systems.

"In the old days the board was packed with barons who argued the case for their division then dozed off while others spoke," says Maddrell. "This structure ensures that our decisions are objective, in that none of us has a sentimental or financial attachment to the businesses."

A group of non-executive directors - led by John Craven, chief executive of the Morgan Grenfell merchant bank, as non-executive chairman - also sit on the group board, while the management board is composed of the operational heads of the divisions.

But instilling marketing awareness in a company like Tootal, which would have hooted at the concept only a few years ago, requires more than restructuring and a realignment of managerial responsibility.

The group has invested heavily in training - £500,000 will be spent this year - and is working with Cranfield School of Management to devise training schedules. The objective is for 100 managers to train for at least one week a year.

Salaries have been restructured to emphasise growth and profitability. Thus senior executive bonuses are divided into two parts: one half for meeting targets, the other for mapping out objectives for the future.

Similarly the commission paid to the sales force at American Thread, the largest single business, is now based on a combination of volume, profitability and new accounts, not volume alone.

Tootal has also attempted to improve internal communication. In the past, partly as a legacy of its crises, people tended to "do what they were told and not to ask any questions," as Maddrell puts it. Information is now circulated more freely and annual conferences are organised for senior executives to keep them abreast of group developments.

This new structure has been introduced over the past year. The consensus in the City is that the theory sounds fine, but the pressure is mounting for Tootal to prove that it will work in practice, not least because it is still beset by bid rumours. The most recent roll-call of potential predators included Coats, Coloroll and Courtaulds.

Thus far the new strategy has been fully implemented in only one area of activity: industrial threads, the biggest part of the business, which provided half of the group's £408m turnover last year. The new management team has yet to tackle other areas such as clothing and homewares.

Threads is a commodity business, with poor profit margins. The customers, chiefly clothing manufacturers, carry low stocks, need new supplies swiftly and have very specific requirements. There are, for example, 40 shades of black thread alone. Thus there is an opportunity for a supplier to steal a competitive edge by offering a faster and more flexible service.

Tootal - which, together with Coats Viyella, dominates the international thread market - plans to exploit this by concentrating its spinning activities in low-cost countries, specifically in China where it has established a joint venture. The spun thread is then shipped to "mini-mills", or finishing centres, from which it can offer a speedy service to industrial customers.

When new clothing markets open up, Tootal will be able to move in swiftly as a thread supplier at relatively low cost. Similarly, if a market loses steam, then the group will not be lumbered with expensive assets.

In theory this strategy sounds simple; in practice it will be rather more difficult to implement. Some of the established vertically integrated mills, in Australia for example, will have to be rationalised into mini-mills.

Moreover American Thread, the largest business, not only operated under-capacity but did not control distribution. The solution in the US was the acquisition of the threads interests of Standard-Coosa-Thatcher last December. At a stroke this filled American Thread's surplus capacity and provided it with an efficient distribution network.

American Thread's new management - headed by Richard Rinaldi, who was brought in from the autoparts industry - is now trying to drum marketing skills into the business. The benefits are already filtering through. American Thread's earnings, traditionally 7 per cent of capital employed, should creep into the low teens this year en route to the target of 20 per cent.

Maddrell uses threads as an example to illustrate how the new strategy will work. Yet in this area Tootal has the triple advantage of a dominant position; historic links with China; and a clear opportunity to steal a competitive advantage. Other areas may prove more problematic.

The group is now in the throes of completing a review of homewares which will decide how to develop the business in the future. Similarly it plans to spruce up its clothing interests, which embrace a buoyant business supplying Marks and Spencer, Britain's largest retailer, but rather lacklustre brands in Slimma women's wear and Tootal men's wear. The Slimma brand is being strengthened with the introduction of new co-ordinated ranges. The future of men's wear is less certain. The group will continue in this field but may drop the use of "Tootal" as a brand name.

Tootal took its first step towards diversification last year with the acquisition of Sandhurst Marketing, which markets and distributes stationery and office equipment. It had looked at several prospects: searching for companies within areas of high growth where marketing and distribution skills are crucial. At one stage it considered paper distribution, but concluded that companies like Bunzl were already entrenched.

Ostensibly textiles and office equipment have little in common, but Maddrell argues that there is a compatibility of discipline in that both businesses rely on the strength of their marketing and distribution skills. Future acquisitions will follow the same pattern.

Yet Tootal itself still has a long way to go before it can claim to have nurtured these skills. Maddrell argues that the acquisitions will play a dual role in that they take Tootal into more fertile fields and will introduce new management teams already well versed in the marketing disciplines so sorely needed by the established business.

Expansion through acquisition is fraught with problems, as is instilling new disciplines in old businesses. In pursuing its new strategy, the group will have to grapple with both problems. In the next year or so it should become apparent whether Tootal, and its textbook tactics, can bring it off.

Origins

'T'ain't products are boring'

Christopher Lorenz on cultural ambiguity

THE NEW Anglo-Japanese Rover Sterling car has made something of a splash in the lucrative American market, but at heart it is a "T'ain't" product.

Unlike the far more successful new Jaguar, it is culturally ambiguous. Britain is its main country of origin, but the car possesses no characteristic which could possibly identify it.

The source of this complaint is Bill Stumpf, a leading US design consultant. The Sterling is a "T'ain't" product "because t'ain't Japanese and t'ain't British. And t'ain't products are boring," he says.

Stumpf's attack provoked intense debate in Amsterdam last week at Design 87, an international conference of 1,500 industrial, graphic and interior designers. Many of the participants echoed his criticism of the rapid emergence of an anonymous "international style" in consumer products such as cars, hi-fis and televisions.

In the mad rush by manufacturers to reap economies of scale in production and distribution, and to develop "global designs", not enough market research was being done into continuing differences in national lifestyles and preferences, Stumpf complained.

The result was not only the potential destruction of cultural diversity, but - as other speakers emphasised - the potential alienation of consumers. Since products without any particular character tended to command little customer loyalty, their manufacturers were running a grave commercial risk, several designers pointed out.

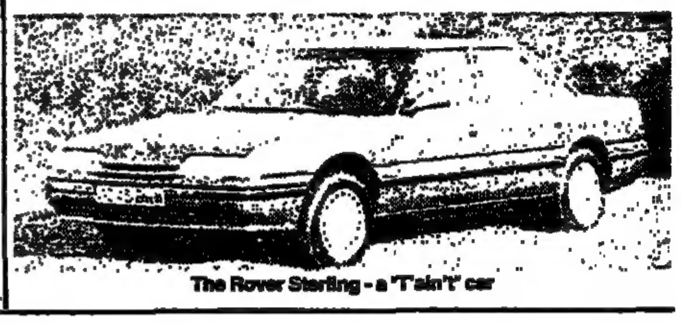
Though no-one at Amsterdam mounted a public defence of the Rover Sterling - nor the American copies of Italian cars which Stumpf also criticised - his worry about globalisation was hotly contested in general terms.

One of the most convincing rebuttals came from Loek van der Sande, the president of a Dutch consultancy called Global Design which works for clients in Japan as well as Europe. The two-way flow of design influences between Japan and the West went back at least a century, he explained.

In the 19th century Western designers, architects and artists - including van Gogh and Toulouse Lautrec - had been heavily influenced by Japanese shapes and styles, just as the Japanese had subsequently borrowed many western styles.

Rather than predicting the decline of international style, as Stumpf advocated, van der Sande forecast its further development. But there would always be nuances, he said, depending on the country of origin of the manufacturer. With a few exceptions "you can still always recognise the origin of a product," he claimed. For instance, the Japanese would continue to be the masters of miniaturisation.

Between these two sets of extreme views, several speakers pointed to the growing tendency of Japanese companies to design both global and regional products (or even national ones) in parallel. In the words of Kurt Weidemann, Professor of Communication at West Germany's Koblenz School of Corporate Management, "there will be no uniform style, but a new burst of pluralism."



The Rover Sterling - a 'T'ain't' car

UK NEWS

Building societies to enter credit card age

By Hugo Dixon

BUILDING SOCIETIES are to be allowed to issue credit cards and engage in electronic cashless shopping after a decision by the Government to amend last year's *Building* Societies Act. This is likely to bring more competition into these two areas which have traditionally been dominated by banks.

The Government had originally intended societies to be able to do both things but, because of an error in drafting the Act, it turned out *they could not.*

When this was discovered earlier this year, both Halifax and Abbey National, Britain's two largest societies, had to face the embarrassment of withdrawing resolutions from their annual meetings asking members for permission to join Visa *and Mastercard,* the two main credit card companies.

The problem stemmed from the fact that the Act prevents societies *from making unsecured loans of* more than £5,000 to each customer. Even if societies fixed credit limits at £5,000 or less, it was theoretically *possible that customers* would find ways of spending more than that before the societies could stop them.

There was a similar point con*cerning electronic cashless* shopping. The only way of preventing customers spending more than an agreed limit would have been to insist that *all transactions* were authorised instantaneously, but the system being designed for Britain by the clearing banks will not insist on this.

*Mr Gerald Watson, deputy chair*man of the Building Societies Commission, the industry's regulatory body, said yesterday that to get round this, the Treasury *will lay an* order before Parliament when it opens in October. He said he expected it to be debated in November, after which it would come into *force.*

Lucy Kellaway sees warring factions succumb to coffee and biscuits

Gas shareholders rally round board

IT SHOULD have been high drama. But yesterday's first annual meeting of British Gas was more like tedious soap opera.

Sir Denis Rooke, the company's redoubtable chairman, was prepared to face the largest collection of shareholders ever gathered in the UK and take questions on three *potentially explosive issues.*

But yesterday a mere 3,000 shareholders turned up at Birmingham's National Exhibition Centre to taunt him. This was fewer than the turnout at British Telecom's first AGM, half the number who had said they would come, and less than one fifth the audience with which the armies *of blue-coated* British *staff were* prepared to cope.

One of the organisers was heard muttering: "What a washout" as shareholders *left the three-hour meeting.* Sir Denis had ample cause for relief at the way the meeting had gone.

Shareholders overwhelmingly rallied round British Gas in its op*position to the appointment to the* board of Sir Ian MacGregor, the former coal board chief who had been nominated by Sheffield Forgemasters, *the company* leading a band of protesting industrial gas customers.

Sir Denis neatly silenced complaints from this corner over its industrial gas prices with a speech on *the inappropriateness of price transparency* in the industrial market. He got off even more lightly on the issue of the disclosure of information to the *Office of Gas Supply, its protesting regulator,* with not a single question raised on the matter.

Instead, Sir Denis's notoriously bad temper was more *severely tried on the issue of* lower charges from pensioners, the statement in report and accounts of the increase in his salary (seven times the *increase paid to the company's* average employee one shareholder claimed) and on the paucity of the contributions made by British Gas *to* charity.

Throughout, Sir Denis was polite and, with one or two brief lapses, held his cool. The fiery chairman, who told an analyst asking an awk*ward question* at a *pre-flotation* meeting to "get knotted," was not in evidence yesterday.

Instead, Sir Denis appeared as a diminutive figure standing on the stage of the *cavernous auditorium,* flanked by twin video screens displaying a much blown-up image of a patient if severe chairman. He answered the most objectionable inquiries with: "I don't actually entirely agree with what you say, but we shall bear your comments in mind."

It was hard not to feel sorry for the organisers of the meeting. The impressive exhibits mounted in the *hallway, including one of the More*cambe Bay Gas field in north west England, attracted only a handful of curious onlookers, with most of the *audience, most of whom* were well over retirement age, more interested in the free coffee and biscuits.

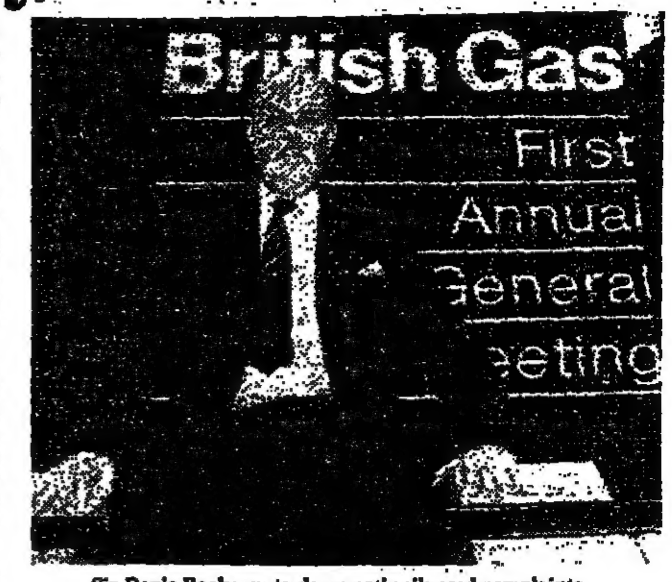
Inside the sparsely-filled hall, a woman in black evening dress was repeating *the chairman's words in* sign language transmitted on six television screens in the auditorium for the hard of hearing. Among the *few shareholders who seemed in need* of such a service, two spent the meeting fast asleep.

Meanwhile, the facilities which could have beamed the whole board and all the *questioners* into a neighbouring exhibition hall, which was opened to cope with the expected overspill, went unused.

● British Gas yesterday gave in to *the demands of the Government-ap*pointed regulator for details of its calculations for the fixing of prices for domestic consumers, Max Wilkinson writes.

The corporation had previously refused to send its workings to the *Office of Gas Supply, which is* charged with oversight of domestic tariffs. However, just before the an*nual meeting* the figures arrived at Ofges in an envelope.

Mr James McKinnon, the director, *is studying the data to decide whether it meets his requirements.* If it does, he will lift his threat of legal action against the corporation.



Sir Denis Rooke yesterday: neatly silenced complaints

New leader for SDP will move in without challenge

BY PETER RIDDELL, POLITICAL EDITOR

MR ROBERT MACLENNAN is now certain to become leader of the Social Democratic Party without a challenge, although three of the party's four other MPs announced last night that he would not be *speaking for them.*

Nominations close at 6pm tomorrow evening, when Mr Maclennan will formally become leader and *will make the leader's speech to the* SDP conference starting in Portsmouth on Tuesday.

Mr Maclennan, the MP for Caithness and Sutherland since 1966 and a *former* junior Labour minister, has switched to favouring negotiations with the Liberals on a merger *after* the vote in favour by SDP *members in* this month's ballot.

However, Mr Maclennan received support yesterday from a senior former SDP MP who also opposed merger in the ballot, Mr Ian *Wrigglesworth, who said* he had the right experience for the negotiations.

After a two-hour meeting of the party's five MPs in a subterranean House of Commons room, Mr John Cartwright, a strong opponent of *merger with the Liberals,* said he had decided not to let his name go forward for the leadership.

He argued that there was only one leader of the SDP and that the sooner *Dr David Owen* (the former leader) "is restored to his natural position the better for social democracy and for the future of British politics."

Mr Cartwright said that Mr Mac*lennan had* been *told* that his position was not shared by a majority of his parliamentary colleagues.

He did not rule out the possibility that the three anti-merger MPs (also including Mrs Rosie Barnes) *might move a vote of no confidence in Mr Maclennan depending on his* stance in the negotiations with the Liberals starting this autumn.

The anti-merger MPs argued that the leadership should remain vacant, but Mr Maclennan said last night that it was now imperative that the post should be filled to protect the party's constitutional integrity and unity, and policies.

This messy outcome with the new *leader being opposed* by a majority of the MPs indicates the likely depth of the divisions at the Portsmouth conference.

There is almost certain to be a bruising public procedural clash in the main merger debate on Mon*day. The anti-merger group have* put forward an amendment arguing that there should be the choice of joining a new party or remaining as *members of the SDP.*

Tories prepare for Scottish shake-up

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

THE SCOTTISH Conservative Party yesterday embarked on a fundamental reform of its organisation. It involves a considerable strengthen*ing of the party's* Central Office in Edinburgh and financial autonomy for the Scottish party.

The shake-up *follows* the Scottish *party's disastrous performance* in the June general election, when the Conservatives lost 11 seats, leaving them with only 10 members of parliament. *The debacle has been* blamed in part on weak organisation and poor presentation of party policies.

Mr John MacKay, who was minister responsible for education and agriculture at the Scottish Office until he lost his seat in Argyll and Bute at the general election, *is to* take the *newly-created post of chief* executive. The present Scottish director of the party, Mr Bill Henderson, is leaving to take a senior party *post in England.*

The organisation under Mr MacKay is to be strengthened. A research director with a substantial staff *is* to be appointed to boost the present vestigial research organisation. There is to be a communications director and deputy to handle relations with the media – one of the party's weak points.

In future the Scottish Conservative Party will control all the funds it raises in Scotland, which at present are sent *to England for* redistribution by Central Office in London. The party believes that this autonomy will make it easier to raise money *from* Scottish *businesses* and individuals.

Lord Goold, the chairman of the party, said yesterday that the organisation would cost between 25 and 30 per cent more to run than before, though he did not disclose what the party's annual income was. The staffing of the central office is like*ly to go up from* about 18 to 25.

Mountleigh in bid for property portfolio

By Steven Butler

MOUNTLEIGH, the fast-moving *UK* property group, *yesterday said* it had exchanged contracts to buy the property portfolio of Pension Fund Property Unit Trust (PFPUT) for £263.5m in cash, subject to ap*proval* by unit trust holders.

Mr Geoffrey Goodwill, Mountleigh director, said the property purchase would not affect Mountleigh's *decision* on whether to proceed with a bid for Storehouse, the UK retailing conglomerate.

The deal comes in £26.5m higher than a bid for *PFPUT* by Trafalgar that was opposed by the PFPUT Committee of Management, and eventually rejected by the unit trust holders two weeks ago.

The quick move for the PFPUT portfolio confirms Mountleigh's emergence as a major player in the property market and would be fi*nanced entirely by cash on hand* and bank borrowing.

Mr Goodwill said it would be inappropriate to comment on plans for the properties prior to final approval of the deal.

Although Mountleigh will have the backing of the PFPUT Committee, it still must obtain support from 50 *per cent* of the unit trust holders, some of whom favour retention of their property investment through PFPUT.

The *opposed* bid *from* Trafalgar obtained support from 45 per cent of the unit trust holders, although in that case a 75 per cent majority *would have been required.*

Mr Marler said Mountleigh contacted PFPUT immediately following rejection of the Trafalgar bid, and *that the Mountleigh offer* was the highest of about half a dozen other proposals.

PFPUT has a wide range of shop, office, *industrial* and agricultural properties in the UK, topped by two valuable office freeholds in the City of London.

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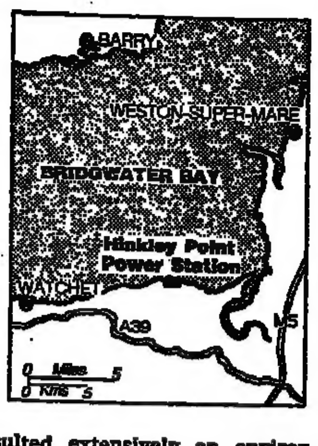
Hinkley reactor 'would create 10,000 jobs'

BY MAX WILKINSON, RESOURCES EDITOR



ABOUT 10,000 jobs would be created during building of the nuclear reactor planned at Hinkley Point, Somerset, the Central Electricity Generating Board said yesterday. The board formally applied for government permission to build a pressurised water reactor at the site, on the Bristol Channel, starting in 1990.

It said the cost of the station, which would replicate the PWR being built at Sizewell, Suffolk, would be about £1.5bn. Building would take six to seven years. About 90 per cent of construction work could go to UK companies and about £300m would be injected into Somerset's economy.

The proposed station would be built beside an ageing Magnox reactor and a newer advanced gas-cooled reactor. The Magnox station is due to close in the mid-1990s and the AGR soon after 2000.

The new reactor would be one of five or six the board hopes to build in reconstructing its plant over the rest of this century. Six other site sare being investigated for PWRs and three for coal-fired stations. Those are in addition to the plans for building coal-fired stations at Fawley, on Southampton Water, and at West Burton, Notts.

The board is likely to meet strong opposition to the Hinkley project at a planning inquiry. However, it hopes the wider issues on the safety and economics of a PWR debated at the Sizewell inquiry will not need to be re-examined.

Yesterday, Mr Sam Goddard, board director of system planning, said preliminary work for the station had included a detailed environmental audit. Local authorities had been consulted extensively on environmental impact.

"If they decide to object, it is better for everyone—the local community, the CEGB and national energy interests—that a public inquiry is held as soon as possible so that important planning decisions are not delayed," he said.

Friends of the Earth pledged to oppose the Hinkley PWR: Mr Stewart Boyle, national energy campaigner, said yesterday: "This applications bears all the hallmarks of an institution which is utterly unresponsive to public opinion and totally beyond public control. Following Three Mile Island and Chernobyl, it is quite clear that the public does not want and will not tolerate any more nuclear power." The application was a gross misuse of public funds.

Mr Tom King, MP for Bridgwater, said he supported nuclear power, provided it was safe. He did not believe Britain's power industries should be totally dependent on coal.

Customers oppose large water charge increases

BY RICHARD EVANS

WATER CONSUMERS are reluctant to pay considerably higher charges to accelerate environmental improvements.

That was the main conclusion of a survey conducted recently by Wessex Water after an extensive publicity campaign on the options facing the authority.

Three main tasks were outlined: the number of beaches that needed to be brought up to European Community standards; the need to replace or update sewage treatment plants and sewerage systems; and the need to reduce river pollution.

Two options were presented to customers throughout the region, which covers Avon, Dorset, Somerset, most of Wiltshire and parts of Gloucestershire and Hampshire.

Water charges could either be increased above the rate of inflation to resolve the matters quickly or they could be increased in line with inflation and the goals achieved over a longer period.

More than two to one were against the larger increases, in spite of general dissatisfaction with the cleanliness of river and sea waters, the survey said.

Higher charges were favoured by 25 per cent, but 60 per cent preferred keeping increases tr the level of inflation. Fifteen per cent expressed no opinion.

Fund to hand out £54m for development in Ulster

By Our Belfast Correspondent

THE INTERNATIONAL Fund for Ireland, which was set up after the Anglo-Irish Agreement to provide aid for social and economic projects, yesterday announced £54m in development grants to Ulster and border regions of the Irish Republic.

The money involved has been donated by the US, Canadian and the New Zealand governments.

Mr Charles Brett, chairman of the fund, said £9.5m would go to investment companies, £7.5m to business enterprise and £8.9m to tourism. Urban development is to receive £5.5m, agriculture and fisheries £3.5m and science and technology has been allocated £6.5m with a further £6.5m going towards what the fund calls "wider horizons" which will include exchange schemes.

Mr Brett said the fund's board had retained a reserve of about £6m to be used for the future development of the programmes and for a few worthwhile projects that did not fit into any of the specific categories.

The money will be allocated over the next two years. The fund has also announced that it has allocated £2m in immediate grants to specific projects.

Mr Brett said that £17m of the £54m total had been allocated to business development and investment. Two investment companies were currently being set up with resources of £5m each.

He said that further details of the spending would be released in the next few weeks. The fund has already received more than 1,6000 applications for grants.

Manchester law firms to merge

TWO Manchester law firms—Leak Almond and Parkinson, and Cobbetts—are to merge on October 1, enabling them to offer a wider range of services.

The merged practice, to be known as Cobbett Leak Almond, will have 28 partners and more than 160 staff.

Leak Almond is widely involved in commercial property development, while Cobbetts has a specialist reputation in the brewing industry and licensed trade.

Mr Anthony Fielden, senior partner, said: "It will be increasingly necessary to have greater resources in terms of specialist legal staff and modern electronic equipment to provide the level of service demanded by commerce and industry."

Jet engine may serve as smoke generator

BY DAVID FISHLOCK, SCIENCE EDITOR

AN INEXPENSIVE jet engine, being developed for small, unmanned aircraft, may find a second application as a smoke generator to conceal tanks, the British Association's annual conference in Belfast learnt yesterday.

The US army is testing the engine's ability to camouflage a tank with clouds of smoke or infra-red-absorbing dust, Dr David Artt, of the department of mechanical engineering, Queens University, Belfast, told the engineering section.

The robot aircraft market wanted an engine of about 500 Newtons thrust that was cheap and expendable, but contenders were all priced over £20,000.

The university had the idea of designing an engine using mass-produced diesel turbocharger components in place of the most expensive parts of a jet engine—the turbine and compressor wheels.

The project began in 1979 and initialy achieved thrust of 100 Newtons at a turbine entry temperature of 925 degrees C using propane as fuel.

It was successful enough to persuade Normalair-Garrett to fund a bigger version, designed to give 550 Newtons thrust, the size the company believed would find a market for use in robot aircraft.

Holset Engineering provided matching compressor and turbine units, assembled as a special turbo charger. The university designed the combutors, within a maximum casing diameter of 127 mm, and with a flame tube only 100 mm in diameter.

That demonstration model had to burn kerosene, since propane was unsuitable for the operating conditions required. Fuel also cooled a heat exchanger used to transfer heat from the turbine bearings. The device ran for an hour at 70,000 rpm.

In 1985, Garrett Normalair learned that the US Army wanted a gas turbine as a smoke generator on armoured vehicles, fulfilling the twin function of vaporising oil for a smokescreen and blowing infra-red absorbing dust clouds.

Successful demonstration of a modified engine led to an order for six more, for field testing. Most of the parts for that batch were made by the university, Dr Artt said.

Researchers are developing a new comustion chamber for the smoke-generating version. The engine version is now seen as a family of small jets using the same core unit to generate thrusts from 225 to 650 Newtons.

SCIENTISTS CALL FOR FURTHER £100m FUNDING

BRITISH science needs an extra £100m a year, leading scientists attending the annual conference of the British Association for the Advancement of Science said yesterday.

They applauded government plans announced last month for restructuring academic science — placing greater emphasis on "strategic research"—to take effect in about 10 years.

Lord Dainton, a past president of the British Association, asked: "We like the restructuring, but where is the lolly?"

Sir Kenneth Durham, the association's president and deputy chairman of British Aerospace, called on Mrs Margaret Thatcher, the Prime Minister, to stop cuts and find more money.

The new structure includes a committee — the Advisory Council for Science and Technology (Acost)—reporting to the Prime Minister, which will decide which sectors of science should be supported.

Mrs Thatcher has said she wants to participate in some of the bi-monthly meetings of the committee.

The Government's intention is for Acost to help to determine which sectors of science should be abandoned to release extra funds for other sectors. Acost holds its first meeting late next month.

The British Association said in a statement yesterday that the Government's recent refusal to provide more than minimal funding for the British space programme had "done little to engender confidence."

Belfast heat and power proposal

A COMBINED heat and power (CHP) scheme, burning local deposits of lignite, was proposed for Belfast, which, provided it achieved a 72 per cent penetration of the estimated heating market, could be economically viable, Professor Bernard Crossland told the engineering section in his presidential address.

Prof Crossland, Emeritus professor at Queen's University, is an engineering consultant associated with the Belfast CHP scheme.

Profitability of the proposal was marginal at present, he admitted, and carrying it out would cause Belfast considerable disruption.

"Every road in the high heat density area will have to be dug up," he said. It would be 22 years from the start of construction to full maturity of the scheme.

Analyses suggested that the economic case was probably not strong enough to attract 100 per cent private-sector investment, bearing in mind the risks of not reaching a 72 per cent penetration of the market.

Prof Crossland believes the return would be enough "to justify optimism that a significant part of the funding could be provided by the private sector, if the balance was provided on suitable terms by the government and surpranational sources to compensate for the risk."

He forecast that, if Belfast were to undertake the project, "future generations would wonder at our foresight and initiative, just as many of us wonder at the drive and initiative of our Victorian forefathers."

BELFAST 1987

Enzyme engineering can aid medicine

REDESIGN of natural enzymes, known as "enzyme engineering," was beginning to affect medicine and industry, said Professor David Blow of Imperial College, London, in the first Kathleen Lonsdale lecture to the British Association.

Enzymes are protein catalysts—living organisms that accelerate chemical reactions.

Unlike other catalysts, however, enzymes are very choosy about which molecules they will accept for the reaction, remaining completely indifferent to others.

The first experiments in enzyme engineering were made in the past five years at Imperial College, by bringing together three different skills: genetic manipulation to alter the gene that produced a modified enzyme; X-ray crystal structure information to guide the changes and check the results; and detailed kinetic analysis to assess experimental results.

The first experiments were on TRS (tyrosyl-tRNA) as a convenient enzyme model. More than 100 mutants of the enzyme had been made by modifying the TRS gene. Once the system has been properly developed, genetic manipulation could be done very quickly, Prof Blow said.

He gave a warning that enzyme engineering was unlikely to improve the activity of the enzyme in its natural function. Its usefulness lay in having the enzyme do something different, or do it in a different environment.

One example was the enzyme subtilisin, used in domestic and industrial cleaning, including some washing powders, to help water to break down complex molecules. Colleagues at Imperial College had altered subtilisin so that it became much more active in slightly acid solution than the natural enzyme — a discovery that "should have substantial applications in industry."

Another example concerned glucose isomerase, an enzyme used in the food industry to boost the fructose content of corn syrup. In the last four years, details of structure had been worked out for the natural enzyme derived from four different sources. Each was jealously guarded because of its commercial importance.

However, recent work at Imperial College has shown that enzymes from two sources were closely related. "The structural workers will now be consulting closely with molecular geneticists and process biotechnologists, in order to design enzymes with improved properties for the process as it runs in a chemical plant."

Prof Blow said three billion years of evolution had been very successful in making enzymes "of exquisite sensitivity and great catalytic power," such as the light-harvesting systems of green plants and the recognition devices of the immune system.

Now man had the power to build his own enzymes "within the limits of his own skill and imagination."

Versatile materials encourage innovation

NOWADAYS it was possible to make any engineering artifact from almost any starting material, including springs from Portland cement, superconductors from ceramic, and magnets from plastics, said Professor Anthony Kelly, vice-chancellor of Surrey University.

That dramatic change resulted from an understanding of the micro-structure of solid materials, an understanding of the properties of defects, the ability to measure and control composition down to clusters of just a few hundred atoms, and from "all sorts of microscopes," he said.

All engineering materials were really composites, but the term composite had been given fresh meaning when it was recognised that judicious blending could yield startling new combinations of properties, such as great strength and stiffness at very low weight, or electrical properties in a plastic.

High strength an dstiffness at low density was the basic requirement for airframe materials, said Dr Stephen Bold of the BP Research Centre. Strength was necessary so that wings would not break off under the maximum loads of manoeuvring, and stiffness was needed to limit deformation.

Mr Burt Rutan, in designing his Voyager aircraft for its 25,000-mile round-the-world flight, went to the limits of deflection. Its carbon-fibre wings were scraping the ground at take-off but curved upwards once they were generating lift.

By blending 50 per cent carbon fibre with an aluminium alloy, the metal's stiffness could be tripled, but the composite was difficult to make

Launch for Welsh institute to steer principality into future

BY ANTHONY MORETON, WELSH CORRESPONDENT

THE Institute of Welsh Affairs, intended to draw together all sections of Welsh economic, social and cultural life, is to be launched next month.

Mr Henry Kroch, chairman, said in Cardiff yesterday that the principality was "undergoing an economic transformation which has led to something of a crisis of identity." The institute would clarify the direction in which the country should go and develop policies to "enhance the life of the people of Wales."

It would not be a pressure group, he said, but would bring pressure to bear on a range of subjects by building public and private-sector partnerships with agreed common objectives.

The institute has not yet been officially constituted, but has set up its first study, into how the industrial valleys of South Wales can be regenerated. It also plans research on the arts in Wales and problems facing rural areas.

The names of all those associated with the organising committee, probably 50 strong, will not be announced until the official launch on September 28, but Mr Kroch, former chairman of AB Electronics, was joined yesterday by Mr John Foley, a South Wales officer of the Iron and Steel Trades Confeedration; Mr Ian Kelsall, Welsh director of the Confederation of Britsh Industry; Sir Donald Walters, Welsh Development Agency deputy chairman; Mr Keith James, of Cardiff solicitors Phillips and Buck and Mr Idwal Symonds, HTV (Wales) chairman.

UK NEWS

Open College sets out first year's syllabus

BY CLARE PEARSON

THE OPEN COLLEGE, the ambitious long-distance learning initiative that will use national broadcasting to try to improve vocational training, yesterday announced details of its first year's courses, which will go on the air next month.

It was also anounced yesterday that TV-am had agreed to provide weekend air time for the college, in addition to Channel 4's half-hour daytime weekday slots, which will appear from September 21.

Mr Michael Green, chairman, said: "The Open College is undoubtedly the most exciting and progressive training initiative for several decades. It will change the face of skills training in this country."

The college is offering a wide range of courses geared to companies and individuals. It anticipates attracting 50,000 students in its first year and is hoping for up to 1m students over the next five years.

However, the college will face a considerable task in encouraging thousands of potential students to enrol in the next three weeks.

The college has more than 100 local enrolment centres, and students can also enrol through the National Distance Learning Centre. So far, however, it has spent very little money on marketing and advertising. College managers accept that their public profile is not yet established.

The project, for which the Government has provided £15m for start-up finance, is also seen as a key test of industry's commitment to training. Company sponsorship is expected to play a large part in its financing.

The organisers are hoping that it will become self-financing from a combination of industrial sponsorship and fee income within three years.

The college says its courses are designed to help those needing to update job skills and to help to re-skill the unemployed. It will not provide its own qualifications but students can obtain credits towards a nationally recognised qualification.

Initially, it is offering 36 courses grouped under headings ranging from Getting Started—which covers basic literacy and numeracy skills — to Industry and Technology, which includes courses in hydraulics, circuit training and design.

Study is done through radio, television and video programmes, audio cassettes and workbooks. Prices range from £20 for a course entitled The Effective Learner: a guide for people studying, to £450 for China: the business briefing.

Unlike the Open University — which the college is designed to complement — all course material will be subcontracted and the college will operate with a small commissioning staff of about 40.

Of the expected total of 50 courses in the first year, 20 will have been adapted from existing material.

British Steel expands in W Germany

By Hazel Duffy

BRITISH STEEL is strengthening its presence in West Germany through the purchase of Eisen-Werner, a steel stockholder, which specialises in structural steels finished to individual requirements.

The deal, effective from October 1, takes British Steel into the high-value end of the West German market for pre-finished srtuctural beams for the first time.

The purchase has been made by Walter Blume, the Stuttgart-based steel stockholding subsidiary of British Steel. No price has been put on the transaction.

Eisen-Werner, also based in south Germany, will continue trading under its own name, and Mr Gunter Werner, the former owner, will remain in charge and become a member of the Blume management team.

British Steel described Eisen-Werner as a significant supplier of structural steels throughout southern Germany.

The corporation's policy of expansion into steel stockholding on the Continent dates back to the early 1970s, and more recently its improving finances have led to an acceleration of the programme, with purchases in France, the Netherlands and West Germany over the past year, and in Canada.

NEC to invest £17m in electronics plant

BY LYNTON McLAIN

NEC, THE Japanese electronics company, is to build an additional factory at Telford, Shropshire, at a cost of £17m, bringing to £53m the investment planned for its European manufacturing headquarters in the town over five years.

The factory will manufacture electronic 24-pin dot-matrix printers. Ninety jobs will be created initially, but the total figure might be 200 jobs over five years.

Telford Development Corporation said yesterday the company was already building the first of its factories on a 48-acre site. Plans had been announced in January to invest £36m in production facilities for NEC's four main product groups. They are communications equipment, computers, electronic devices and home electronics.

Up to 900 people are expected to be employed by the early 1990s, making, in order of importance, video cassette recorders, followed by colour televisions, mobile telephone systems, facsimile machines and radio-pagers.

NEC is to make the dot-matrix printers as replacements for earlier models on the European market, with 90 per cent of production likely to be exported to the Continent. By 1991, turnover from the production and sale of the printers is expected to be £77m.

The company is to start recruiting employees for training and production trials, with full-scale production expected to start by December in factories occupied temporarily while the new premises are being built.

NEC's investment is being supported by a regional aid grant from the Trade and Industry Department believed to be worth about £7m.

NEC already has a factory at Livingston, near Edinburgh, making semiconductors, of which it is the world's largest producer. This week it announced that it was to manufacture the latest generation of high - powered semiconductor memories there.

● Samsung, South Korea's biggest manufacturing company, has leased a 50,000 sq ft unit, through its Samsung Electronics (UK) subsidiary, in Telford's Stafford Park enterprise zone.

The unit is to be the company's main national distribution centre outside south-east England and will employ 25 people initially. It will also be the main service centre for Samsung's range of consumer electrical goods, and will be the first investment in Telford by a South Korean company.

Gilts market keyed up for second auction

By Janet Bush

THE Government bond market is keying itself up for Tuesday's July balance-of-payments figures, with yields on longer-dated stocks stuck at 10½ per cent and very little sign of retail buying interest.

The market is also beginning to turn its attention to the timing of the Bank of England's second experimental auction of gilt-edged stock. The prospect of the supply of a tranche of up to £1bn in long-dated gilts has been one of the factors—including continuing uncertainty about trends in the trade balance and bank lending—hanging over the long-dated end of the gilt market.

The Bank has said the auction would be held about the middle of September and primary dealers have been speculating that it will be on Wednesday, September 16. However, it will probably be a week later.

The later date would give the market a breathing space after the trade figures as well as time to digest provisional money supply figures for August, due to be released on Friday September 18.

The prospect of nervousness ahead of the money-supply figures might weigh heavily against holding an auction on September 16. In addition, preliminary study of bankers' returns suggests the year-on-year growth rate of the narrow money supply aggregate, M0, might have fallen to 4½ per cent in August from 5.3 per cent in July.

Such an encouraging figure might help to prepare market sentiment for an auction to be held the next week.

Scotch whisky exports up 3%

By Lisa Wood

EXPORTS of Scotch whisky for the 12 months to June showed a 3 per cent increase in volume and a 6 per cent increase in value, to £1.1bn, according to the Scotch Whisky Association.

Mr Ivan Straker, chairman of the association's public affairs committee, said the overseas earnings marked a record and confirmed the industry's position as Scotland's largest net export earner.

In the first six months of this year exports earned £499m, an increase of 3 per cent over the same period of last year

James Buxton reports on a top-level party shake-up

Where Scots Tories went wrong

IN THE general election campaign a volunteer called at the Tory Party office of an Edinburgh marginal to help canvass for a couple of hours but was surprised when told it had run out of leaflets so there was nothing he could do. However, the situation was being remedied: the constituency agent was waiting for a bus to party central office in Edinburgh, to collect more leaflets, and would return in an hour.

That story is typical of the poor organisation and often lackadaisical attitude found in some constituencies at the election when the party lost 11 of its 21 Scottish seats. It contrasts with laser-like attacks by the Scottish Labour Party on target seats, when manpower and resources from its many safe seats were poured in.

Yesterday the Scottish Conservative Party announced a reorganisation of its central office. Mr John MacKay, a former Scottish Office minister who lost his seat in the election, is to be chief executive of a strengthened organisation.

The party is also to achieve more financial independence from its UK parent and intends to try harder to promulgate policies being implemented by its ministers.

Few doubt improvement in the party organisation is essential if it is to make a comeback. However, will it work and will it be enough?

Although the Tories have been in office since 1979, the party in Scotland has often been a furtive, demoralised institution, poor in its communications with the media, which in Scotland is mainly hostile to it.

John MacKay: an assertive Thatcherite

In part that demoralisation may reflect the party's electoral standing in Scotland: it does not control even one of Scotland's 12 regional and island councils and it runs only four of 53 district councils.

At the election, inspite of the lost seats, the party's share of the vote fell relatively modestly, from 28 per cent to 24 per cent. However, that stimulated a post-mortem, surprisingly open, that led to yesterday's decisions.

Tories blame the debacle, among many causes on poor support from central office in Edinburgh, in the form of timely, hard-hitting propaganda material. Party workers on the ground were often in short supply.

Sir Alex Fletcher, former MP for Edinburgh Central, who lost his seat, is not alone in saying the business community, much of which did well under Thatcherism, should have openly supported Tory policies. There was no equivalent in Edinburgh of the merchant bankers in London who canvassed on returning home from work.

Lord Goold, party chairman, believes the Scots treated the election like a by-election, believing Tories would win anyway and deciding to indulge themselves by voting against the party—to give it a shock and perhaps extract political concessions.

Like Mr Malcolm Rifkind, Scottish Secretary, he also says that, partly because of the effects of the oil-price downturn, the economic recovery and the fall in unemployment had barely reached Scotland before the election.

However, some Tories say publicly that the party is seen in Scotland as an English party that does not care about the Scots. Although devolution was a minor election issue, that the Tories opposed it added to their anti-Scottish image. Further, while Tories do not say so publicly, they know Mrs Thatcher is seen in Scotland as a deeply unsympathetic figure of the type Scots loathe.

Some academics say the party has always had a weak base in Scottish society, due to historical factors aggravated by Scotland's different, less stratified social structure compared with that of England.

"The type of person who votes Conservative in the English Midlands would not necessarily vote Conservative in Scotland," says Mr Chris Allen, of the department of politics at Edinburgh University.

Consequently, he says, many of the Government's policies, such as privatisation and reducing local authorities' power, are policies for English problems, with little relevance for Scotland where, for example, local authorities command greater respect than those in England.

Nevertheless, Mr Rifkind yesterday made clear the Tories are to go on showing themselves to be the most radical force in Scottish politics—with policies including introduction of a strong measure of parental control of state schools, breaking up of vast council estates and stimulating entrepreneurship through privatisation of electricity boards.

Mr MacKay is an assertive Thatchcrite with an attractive personality who was a mathematics teacher in Oban before becoming an MP. He is generally acknowledged to be a good person to put over those policies convincingly. He is popular in the party and should enthuse more rundown constituency associations.

Mr Allen says: "The Conservatives will be glad they carried out this reorganisation but they cannot expect it to have an immediate effect on their vote. Their vote will not recover because their policies are not seen as relevant to Scotland."

Mr Rifkind and Mr MacKay, however, presumably disagree. The alternative is serving up watered-down Tory policies. That, says the party's right in Scotland, amounts to the slogan "we will give you the same as Labour, only less of it."

Building society liquidity rules relaxed

BY HUGO DIXON

THE Building Societies Commission, the industry's regulatory body, has relaxed its approach to liquidity in the latest example of its more flexible attitude to supervision.

From October 1, the responsibility for ensuring that societies have sufficient liquidity will rest with the societies themselves. They will be expected to draw up policies setting out the form in which they are holding liquid assets and the extent to which those are concentrated in one institution.

That contrasts with the commission's earlier proposal that no society should be allowed to make deposits with any bank of more than 10 per cent of the society's capital or 10 per cent of the bank's. The commission said it accepted that that was too rigid an approach and that societies should simply have to report any exposure of more than 10 per cent.

The commission has also said it will allow societies to hold other societies' floating-rate notes but has not relaxed a rule preventing societies from investing more than 2½ per cent of their assets in other societies' securities, although it has agreed to review that regulation.

Barclays issues ½m Connect cards

BY HUGO DIXON

BARCLAYS BANK has issued 500,000 Connect debit cards, Mr Seymour Fortescue, the bank's general manager, said yesterday.

Connect is the first of a generation of cards designed to pave the way for electronic cashless shopping. When it was launched in June, it ran into opposition from retailers who objected to the proposed commission charges.

Barclays then made some concessions, with the result that there are now only a few "local difficulties," according to Mr Fortescue.

At the time of Connect's launch, the Office of Fair Trading threatened to investigate Barclays under the Competition Act for a possible abuse of its monopoly position in the market. The office is believed to be waiting before it decides whether to proceed until it has had time to assess how small retailers are being treated.

Appeal for coherent TV policy

By Raymond Snoddy

BRITAIN urgently needs a ministry of communications to produce a coherent policy for television, satellite and cable, the Edinburgh Television Festival was told last night.

Mr Philip Whitehead, an independent television producer, said in the McTaggart Memorial Lecture that the Trade and Industry Department, with its enthusiasm for technology, set things off but seemed to bother little about what happened next.

The Home Office — which formally has responsibility for broadcasting—then had "to get things down to earth again, mulling over the enthusiasm of others."

What was needed was a ministry that could combine an enthusiasm for the potential of the technology with an overview of its use.

A proper communications policy and a ministry to distinguish between "fads, fashions and first principles" was vital if, as he expected, the next government were to embark on the creation of a national fibre-optic grid to deliver a vast number of television channels.

Mr Whitehead, a former Labour MP, warned the Government against going ahead with the Peacock Committee recommendation that Channel 4 should be turned into a separate company selling its own air time. Channel 4 is a subsidiary of the Independent Broadcasting Authority funded by subscription from the ITV companies.

The ITV companies would hammer a stand-alone Channel 4 into the ground with competitive scheduling and discounting of advertising and thus

Eric Short considers the delay in issuing new-style personal pensions

Retiring to consider a six-month breather

THE LIFE ASSURANCE industry was yesterday assessing the implications of Wednesday's announcement by the Government that the starting date for the new-style personal pensions was being put back six months to July 1 1988.

Reaction tended to be mixed. The established life companies were largely disappointed but the other institutions providing personal pensions were somewhat relieved.

The potential market for selling personal pensions should not change because of the delay, at least in theory.

Employees interested in taking out personal pensions, whether or not they are members of a company pension scheme, will still be able to pay the same amount of contributions into the contract through the backdating arrangements.

In particular, employees, where eligible, will still collect the full amount of the incentive payments paid by the Government.

The later start date will mean a loss of interest on the contributions, but that will not detract from the marketing potential of personal pensions.

So why are those companies annoyed about the delay?

In spite of the tight timetable involved, the companies with their expertise and in-depth resources have been able to gear themselves to meet a January deadline.

They were confident that the product would have been available, the administration systems in place, and the salesmen and intermediaries trained in time.

Those processes had been put into motion and are so far advanced as to be within the original deadline. A six-month delay, which would have been welcomed a few months ago, now means nothing positive to the companies.

Salesmen were also enthusiastic about selling personal pensions in the months before the end of the tax year. It is a favourable time for marketing such contracts.

Now the head of steam built up to meet the original timetable is likely to be dissipated and the people involved may lose some of their enthusiasm.

The summer months are usually dull ones for selling pension contracts. The trend among self-employed people is that they tend to leave everything to the end of the tax year.

The 1986 Social Security Act, which introduced personal pensions, also ended life companies' monopoly in providing pensions. Now banks, building societies and unit trusts can offer personal pensions.

However, those institutions lack the in-built expertise to set up pension contracts quickly, in particular when it is necessary to design a contract and get the necessary approvals from the Inland Revenue and the Occupational Pensions Board.

Nor do they have experience of the required administration back-up systems needed to serve the public.

Therefore, many new entrants had resigned themselves to not being in the marketplace next January and were taking their time over entry. The field, at least in the all-important first months, was being left to the established life companies.

The delay will be welcomed, then, by the newcomers and the smaller life companies, that lack the expertise or resources to operate a crash programme. Now they have the opportunity to be there at the start of personal pensions instead of being left at the post.

Indeed, since the summer months are dull for selling pensions, little is lost by not having a personal pensions contract available on July 1 so long as it appears well before the end of the tax year.

The newcomers to the market have had their enthusiasm for getting into the pensions field rekindled in time to compete with the established life companies.

However, the other changes involved as a result of the postponement do give the established life companies an interim advantage—in particular the six-month delay in the demise of Retirement Annuity Contracts.

Those pension contracts are available to the self-employed and to employees not in pensionable employment. They are being replaced by personal pensions.

However, the contracts have certain marketing advantages over personal pensions. In particular, the investor can take a much higher proportion of the benefits as tax-free cash.

For the self-employed, the delay means that not only can they take out Retirement Annuity Contracts for the tax year 1987-88 but also for the tax year 1988-89. Only life companies can sell these contracts up to July 1, 1988.

In addition, employees interested in taking out personal pensions and paying more than the minimum contributions can invest the extra contributions in a Retirement Annuity Contract before personal pensions become available.

By that means, the employee does not lose interest on the extra contributions by waiting, and has the larger cash sum. He can always switch to a personal pension later, without loss.

The life companies established in the field were mounting a strong marketing campaign to sell Retirement Annuity Contracts before the end of the year. Now they have six more months of marketing with no competition from outside the life assurance industry.

MR ROBERT McCRINDLE, the Conservative back-bench MP for Brentwood, yesterday wrote to Mr Francis Maude, the Corporate and Consumer Affairs Minister, accusing the Government of complacency over delays in introducing the new investor protection framework, writes Clive Wolman.

His letter suggested that Lord Young, the Trade and Industry Secretary, should intervene to prod the Securities and Investments Board and the self-regulating organisations into swifter action. Lord Young should act "as a co-ordinating factor," he said.

Mr McCrindle pointed out that Mr Maude's predecessor, Mr Michael Howard, dismissed a suggestion in Parliament in May that the process of introducing the new regulatory system might be delayed beyond the end of this year. "Now just three months later you tell me that this is being forced upon the Government."

Mr McCrindle served on the parliamentary standing committee which scrutinised the bill providing for the new framework.

SDP to debate defence and education papers

BY PETER RIDDELL, POLITICAL EDITOR

ACCEPTANCE OF the Trident missile system and proposals for education vouchers are put forward in 10 policy papers that the Social Democratic Party will debate at its conference in Portsmouth starting on Sunday.

The papers, representing the personal viewpoints of the authors, are under the title Looking Forward: Issues for 1991, and will form the theme of a series of debates at the conference.

Mr Simon Head, a journalist and defence specialist, argues that if the SDP is "serious about defence, and about our role in Europe, we are going to have to take another look at Trident, unpalatable though that may be."

Mrs Anne Sofer, a former member of the Inner London Education Authority, raises the possibility of a modified form of education vouchers usable by parents at the school of their choice.

He plan, intended to increase choice and the independence of schools by ensuring a plurality of providers, is, however, different in a number of important respects from the voucher schemes normally associated with the free-market right

Labour faces conflict over selection

BY PETER RIDDELL

THE LABOUR Party leadership faces conflicting views from party members and trade unions about alternative methods of choosing and re-selecting parliamentary candidates, ahead of decisions at the party conference in Brighton which starts in a month's time, on September 26.

The results of a consultation were published yesterday, before a meeting next Thursday of a working party of Labour's national executive committee. A total 256 constituency parties, out of 633, and 14 trade unions replied. Replies show just over half of local parties and unions favour change but the margin, in a complicated list of choices, was narrow.

The single most favoured option, supported by about two-fifths of those replying, is to have mandatory ballots for all selections, with constituencies required to ensure every eligible member has the chance to vote.

That is narrowly favoured over retaining the status quo in selections. Here, MPs are re-selected and candidates are selected by smaller groups on general management committees. Labour Weekly yesterday reported that an average of 40 people, fewer than one in 10 of party members, attended selection meetings in the previous parliament.

Embarrassingly for the leadership, fewer than one in 10 replies favoured the option backed by Mr Neil Kinnock, Labour leader, and by two leading unions, the TGWU and GMB.

That option would require constituency parties to establish an electoral college, balancing individual members and affiliated organisations.

APPOINTMENTS

Personnel director of Shell UK

Dr Ian Thornley has been appointed personnel director of SHELL UK from September 1. He will serve as an executive director on the board, and replaces Mr Brian Bowden, personnel director since 1982, who has retired. Dr Thornley joined Shell Research in 1964. He moved to the Netherlands in 1976, when he was appointed as head of a section of Shell International Chemicals in The Hague. He left in 1979 to become operations superintendent of the Shell higher olefins process plant at Shell UK Stanlow oil refinery, near Chester. In 1983 he was appointed manager at the Carrington chemicals plant, leaving there in March, 1986, to head the employee relations, policy and support division of Shell International Petroleum in London.

★

Mr Barrie Murray-Upton has been appointed vice-president of of European operations of CADNETIX CORP. He was director of European operations.

★

Mr Ken Arkley, formerly general manager of the 112-bedroom *Donington Thistle Hotel* at East Midlands International Airport, has been appointed THISTLE'S director of operations—new openings. He will be responsible for the development and opening of all future new hotels.

★

EDMUNDSON ELECTRICAL managing director Mr Frank S. Aldred retires at the end of 1987 and Mr Douglas T. McNair will succeed him. Mr McNair is currently managing director of Hussmann Refrigeration and will join Edmundson Electrical on September 1 as managing director designate, assuming full responsibility on January 1, 1988.

★

Mr Brian Elson has joined MIRACLE TECHNOLOGY (UK), Ipswich, as managing director. He was chief executive of First Computer, a wholly-owned subsidiary of Heron International.

★

corporate finance advisory business named Bridge House in April 1986. This company has been taken over by Saunderson Holdings.

★

WHITECHAPEL WORKSTATIONS has appointed Mr Jeff Dean as sales and marketing director.

★

PRICE & PIERCE has appointed Mr G. D. Butterworth as chairman and chief executive of Price & Pierce (Woodpulp), Price & Pierce Paper Services, and Price & Pierce (Chemicals & Minerals), and to the board of Price & Pierce Secondary Fibres.

★

CATER ALLEN HOLDINGS has appointed Mr Roger Lilley as a full-time executive director from September 1. He was with Arthur Young, and will fill a newly-created role as commercial director.

★

Mr Raymond Monbiot, chairman and managing director of CAMPBELL'S UK, has, additionally, assumed responsibility for Campbell's Frozen Foods Europe. Groko, the frozen vegetable company based in Holland will report to him as will future frozen foods developments.

★

LEGAL & GENERAL INVESTMENT MANAGEMENT has appointed Mr Martin Symon as fund manager responsible for UK investments. He joins from the Church Commissioners where he was deputy investments manager.

★

NISSAN MOTOR MANUFACTURING (UK) has appointed Mr Ron McIntosh as project director responsible for co-ordinating new model programmes. Mr McIntosh, who becomes Nissan's fifth British director, joins the company on September 1, from Austin Rover where he was director, power train engineering and director, programme management and services.

★

Mr David E. G. Roberts has been appointed a director of RIVER & MERCANTILE TRUST.

★

Mr J. G. Harris and Mr Victor Barnett are joining the board of THE GREAT UNIVERSAL STORES on October 1. Mr Harris, formerly a director of Midland Bank and chief executive of its consumer finance company Forward Trust Group, will become managing director of General Guarantee Corporation and its associated companies, comprising the financial services division of Great Universal Stores. Mr Barnett, who is chairman of GUS Holdings Inc. North America and Burberry USA, will be responsible for developing North American trading interests.

CONTRACTS

Satellite order for Marconi

MARCONI SPACE SYSTEMS Portsmouth, has received from Aerospatiale of France an £8m order for a communications repeater for a fourth EUTELSAT II satellite. Repeaters for the first three satellites were ordered in May 1986 and were the first commercially produced for the European telecommunication and television distribution market. Long-lead items for the fourth were ordered in June 1986 in a contract value at £1m. The company is part of a consortium, with Aerospatiale as prime contractor, which has been chosen by the European Telecommunications Satellite Organisation (EUTELSAT) to supply communications satellites for the 26 European member countries. Each satellite can carry some 16,000 simultaneous telephone conversations, provide high-speed computer datalinks, carry high-quality television programmes within the Eurovision network, and permit direct broadcasting by satellite, as well as video conferencing facilities. The first three satellites are expected to be launched in 1990 and delivery of the fourth repeater to Aerospatiale in Cannes is scheduled for February 1990 with launch in 1991.

★

A contract worth over £1m for the supply of commercial vehicle speed control systems to the US and Canada, has been awarded to Econocruise, a division of TURNER & NEWALL. It will initially supply SPC (Service Products Company)—a subsidiary of Cummins Engine Co. with 4,000 Compucruise speed control systems a year.

★

STEELCASE STRAFOR has signed a three-year agreement worth an estimated £3m to supply the Civil Aviation Authority's requirements for systems office furniture. The requirement is for 740 workstations in 1987 and over 1,500 over the agreement period. The furniture will be installed in phases beginning in CAA House in Kingsway and then the new office currently under construction at Gatwick due for completion in April 1988.

★

Currys has re-awarded its £2m nationwide distribution contract to NATIONAL CARRIERS CONTRACT SERVICES, the NFC's specialist dedicated distribution company. During the five-year contract NCCS will use 32 trailer units, 80 box trailers (33 ft and 40 ft) all with tail-lifts, and 52 staff—drivers and management—are dedicated to the contract, which handles some 10,000 loads a year from Curry's two main warehouses at Newark and Winchester.

STARS

Securities Transferred and Repackaged Limited

DM 300,000,000.–

Deutsche Mark Floating Rate Notes due 1996

– Stock Index No. 480372 –

In accordance with § 14 of the Terms and Conditions of the Notes, notice is hereby given that the Rate of Interest has been fixed at 4 15/32% p.a. for the Interest Period from 28th August 1987 to 29th February 1988 (185 days). Interest accrued for this Interest Period and payable on 29th February 1988 will amount to DM 229.64 per DM 10,000.– principal amount.

August 1987

Interest Determination Bank:

MORGAN GUARANTY GMBH,

Frankfurt am Main

BANKRUPTCY NOTICE

To those who have or may have claims against any of the following:

Chateaugay Corporation
Reomar, Inc.
LTV Steel Company, Inc.
Acqco Corporation
Jones & Laughlin Steel Incorporated
Jones & Laughlin Steel Corporation
Jones & Laughlin Biwabik Ore Mining Company
New J&L Steel Corporation
Republic Steel Corporation
Youngstown Sheet and Tube Company
Magdalena Mining Company
R and L Corporation
Union Dock Company
Jones & Laughlin Realty Properties, Inc.
North Versailles Mining Company
Nakoma Corporation
LTV Steel Company
Nakoma II Corporation
Enduro Corporation
RSC Energy Corporation
The Buckeye Coal Company
LTV Steel Flat Rolled and Bar Company
Calumet Barge Terminal, Inc.
Central States Operating Company
General Alloy Casting Corporation
Hydrocoal Transportation Company
The Mayville Iron Company
Nemacolin Supply Company
Transoceanic Terminal Corporation
The Youngstown Steel Products Company of Michigan
The Youngstown Mines Corporation
The Youngstown Steel Products Company
Republic Hibbing Corporation
Aglomet, Inc.
Central States Precision Steel Company
Citron Coal Company
Economy Fuel and Supply Corporation
Homar Precision Grinding Company
LTV Tubular Products Company
Mahoning Ore and Steel Partnership
Mid-Atlantic Precision Steel Company
Midwest Precision Steel Company
Nemacolin Mines Corporation
Predco Steel Corporation
Republic Fuel and Supply Company
Southern Precision Steel Company
V.H.E. Corporation
LTV Steel Tubular Products Company
KGD Corporation
LTV Tubular Products Company
LTV Steel Specialty Products Company
LTV Specialty Steels, Inc.
J&L Specialty Steels, Inc.
Midstain, Inc.
Bardale Coal Company
Barrel Corporation of West Virginia
Republic Container Company
BCNR Mining Corporation
Crystalane, Inc.
Crystalee
Dearborn Leasing Company
Erie B Corporation
Bethlehem Erie Corporation
Erie Development Company
Erie I Corporation
Interlake Erie Corporation
Erie Mining Company (LTV Steel Mining Company)
Georgia Tubing Corporation
Gulf States Steel Corporation
CKH Corporation
NRE Corporation
North River Energy Company
J.W. Storage Company of Ohio
Republic Storage Systems Company
Jalcite I, Inc.
Jalcite II, Inc.
Jalore Mining Company, Ltd.
Jones & Laughlin Environmental Properties, Inc.
Jones & Laughlin Mining Company, Ltd.
Jones & Laughlin Ore Mining Company
Lorain Pellet Terminal Company
LTV Electro-Galvanizing, Inc.
LTV Holdings, Inc.
GK Steel Corporation
Lykes Leasing Corporation
Nemacolin Mines Corporation
Republic Buildings Corporation
Republic Drainage Products Company
Republic Technology Corporation
Republic-Reserve, Inc.
Tuscaloosa Energy Corporation
Youngstown Erie Corporation
YST Erie Corporation
The LTV Corporation
LTV International Sales Company
Lykes Corporation
Republic International Corporation
Kentron International, Inc.
Jones & Laughlin Industries, Inc.
Energy Resources Management Corporation
Great Western Steel Company
Gulf & South American Steamship Co., Inc.
Lykes Computing Corporation
Lykes Electronics Corporation
Lykes Resources, Inc.
The Scarlet Mines Corporation
Briggs and Co.
Continental-Emsco International, Inc.
KI Inc.
The LTV Corporation (Alabama)
LTV Equipment Corporation
LTV International Sales Company
LTV International, Inc.
LTV Leasing, Inc.
Lykes Financial Corporation (Delaware)
Lykes Financial Corporation (Louisiana)
Ore Finance Company
OSR Development Company
Skagit Corporation
Transportation Systems, Inc.
Vehser Corporation
Wilson Oil Rig Manufacturing Co.
LTV Sales Finance Company
LSC Leasing, Inc.
The LTV Corporation (Wyoming)
LTV Education Systems, Inc.
LTV International, N. V.
LTV Leasing, Inc.
LTV Properties, Inc.
LTVUS, Corp.
Lykes Equipment Corporation
Repsteel Overseas Finance N. V.
LTV Aerospace and Defense Company
Sierra Research Corporation
Vought Corporation
Vought Helicopter Incorporated
AM General Corporation
Amland Corporation
Kentron Saudi Arabia, Inc.
National Telephone Systems, Inc.
Sierra Information Systems Corporation A/K/A Siscor
Sierra Research International Corporation
SRC International Sales Corporation
Universal Time/Frequency, Inc.
Vought Industries, Inc.
Vought International, Inc.
Vought Overseas, Ltd.
Vought Saudi Arabia, Inc.
Vought Properties, Inc.
Continental Emsco Company
FC Divestiture Corporation
Fibercast Company
Halcorp, Inc.
E&H Industrial Supplies, Inc.
J. K. Industries, Inc.
Juddcorp, Inc.
H&T Explosives Co., Inc.
LTV Energy Products Company
Automated Fluid Systems Division
Continental Supply Company
Drilling Equipment Division
LTV Tubular Services Company
Tubular Services Division
Technical Plastics Division
Continental Emsco Division
Oil States Industries, Inc.
Oil States Offshore Marine Division
Republic Supply Company
Skagit Division
United Meter Co., Inc.
Wilson Oil Rig Manufacturing Division
Continental Emsco Company
The Continental Supply Company
Dura-Tech Products Division
LTV Tubular Services, Inc.
Oil States Rubber Disc, Inc.
Oil States Offshore Marine, Inc.
Oil States Rubber Co.
Technical Plastics, Inc.

NOTICE OF LAST DAY TO FILE PROOFS OF CLAIMS

TO: ALL PERSONS ASSERTING A CLAIM AGAINST ANY OF THE ABOVE-CAPTIONED ENTITIES:

PLEASE TAKE NOTICE,

that the United States Bankruptcy Court for the Southern District of New York (the "Court") has entered an order dated July 30, 1987 (the "Order") requiring all persons and entities, including, without limitation, individuals, partnerships, corporations, estates, trusts and governmental units, EXCEPT THOSE PERSONS AND ENTITIES DESCRIBED IN PARAGRAPHS "A" THROUGH "C" BELOW, who assert a claim (as defined below) against any of the above-captioned debtors (collectively the "Debtors") which arose prior to July 17, 1986 (or in the cases of The LTV Corporation (Wyoming) and Continental Emsco Company, which claim arose prior to July 25, 1986 and August 1, 1986, respectively) to file a proof of such claim ON OR BEFORE NOVEMBER 30, 1987 (the "Bar Date") with The LTV Corporation, by mailing the claim to P.O. Box 94660, Cleveland, Ohio 44101, or delivering the proof of claim to The LTV Corporation at 25 West Prospect Avenue, Cleveland, Ohio 44115, such proofs of claim to be deemed filed when actually received.

As used herein, "Claim" means (a) right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured; or (b) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

All persons who, or entities which, fail to file a proof of claim on or before the Bar Date shall be forever barred from voting upon, or receiving distribution under, any plan or plans of reorganization of the Debtors EXCEPT THAT:

A. ANY PERSON WHO, OR ENTITY WHICH, HAS ALREADY FILED A PROOF OF CLAIM AGAINST THE DEBTORS WITH THE CLERK OF THE COURT (OR IN CARE OF THE DEBTORS) NEED NOT FILE A DUPLICATE PROOF OF CLAIM.

B. ANY PERSON OR ENTITY (i) WHOSE CLAIM IS NOT LISTED AS "DISPUTED," "CONTINGENT" OR "UNLIQUIDATED" IN THE DEBTORS' SCHEDULES OF ASSETS AND LIABILITIES (AS AMENDED) FILED WITH THE CLERK OF THE COURT AND (ii) WHO AGREES WITH THE CLASSIFICATION AND AMOUNT SET FORTH THEREIN NEED NOT FILE A PROOF OF CLAIM.

C. THE CLAIMS AND INTERESTS DESCRIBED BELOW ("EXCLUDED CLAIMS") ARE NOT AFFECTED BY THIS ORDER AND THEREFORE ANY PERSON WHO OR ENTITY WHICH HAS AN EXCLUDED CLAIM NEED NOT FILE A PROOF OF CLAIM ON OR BEFORE THE BAR DATE FOR THE EXCLUDED CLAIM ONLY. ALL OTHER CLAIMS MUST BE FILED ON OR BEFORE THE BAR DATE, UNLESS THE EXCEPTIONS OF PARAGRAPHS "A" OR "B" ABOVE APPLY:

1. Participants in and beneficiaries of (i) retiree life and health insurance programs need not file a proof of claim in respect to any claim arising solely out of the modification of retiree life and health insurance programs of the Debtors and (ii) the below listed pension plans need not file a proof of claim in respect of any claim arising solely out of the termination of the following Pension Plans:

Republic Retirement Plan terminated September 30, 1986 (salaried);
Jones & Laughlin Hourly Pension Plan terminated January 13, 1987 (hourly);
Pension Plan of Republic Steel Corporation Dated and Effective as of March 1, 1950, terminated January 13, 1987 (hourly);
Jones & Laughlin Retirement Plan terminated January 13, 1987 (salaried);

provided, however, that any current or former employees of the Debtors or their successors, heirs or beneficiaries who wish to assert a claim against any of the Debtors that is not based solely upon the termination of any of the above-enumerated Pension Plans (e.g., claims for eligibility or denied claim appeals from the Pension Plans, grievance claims, employee welfare plans, the Federal or State Black Lung Act, workers compensation benefits, personal injury, wrongful death, products liability, etc.) must file a proof of claim on or prior to the Bar Date.

2. Holders of any public debt securities of the Debtors which are traded on any U.S. or foreign securities exchange, with maturity dates after July 16, 1986, need not file a proof of claim arising from their ownership of such securities, provided, however, that any such holder who wishes to assert a claim against any of the Debtors that is not based solely upon such securities must file a proof of claim on or prior to the Bar Date.

3. Any of the Debtors or any affiliate of the Debtors holding a claim against one or more of the other Debtors need not file a proof of claim in respect of such claim.

4. Holders of claims whose claims heretofore have been allowed by Order of this Court, including claims of the Banks under the Amended and Restated Stipulation and Agreement to Provide Postpetition Financing and Resolve Certain Controversies dated as of July 11, 1987.

5. Holders of outstanding shares of common, preferred or special stock of The LTV Corporation or of preferred stock of LTV Steel Company, Inc. need not file a proof of interest allegedly arising from their ownership of such shares, provided, however, that public shareholders of any of the Debtors who wish to assert a claim against any of the Debtors that is not based solely upon ownership of the Debtors' common, preferred or special stock, including but not limited to claims based on (i) redemption rights of preferred shareholders, or (ii) unpaid dividends declared prior to July 17, 1986, or (iii) any other obligation of the Debtors, must file a proof of claim on or prior to the Bar Date.

ALL PERSONS AND ENTITIES OTHER THAN THOSE DESCRIBED IN PARAGRAPHS "A," "B" AND "C" ABOVE MUST FILE A PROOF OF CLAIM ON OR BEFORE THE BAR DATE OTHERWISE THEY SHALL BE FOREVER BARRED FROM VOTING UPON OR RECEIVING DISTRIBUTION UNDER ANY PLAN OR PLANS OF REORGANIZATION IN THESE CASES.

Acts or omissions of the Debtors prior to July 17, 1986 [including but not limited to Debtors' indemnifications and guarantees, alleged environmental liabilities arising from Debtors' operations, services provided by the Debtors and products designed, manufactured or sold by Debtors such as the DJ-5 (Dispatcher Jeep) postal delivery vehicle manufactured by the AM General Corporation, oil drilling and production equipment manufactured by LTV Energy Products Company, and oil country tubular goods manufactured by LTV Steel Tubular Products Company and its and their predecessors] may give rise to claims against the Debtors notwithstanding the fact that such claims may not have matured or become fixed or liquidated prior to such date. Therefore, any creditor having a claim or potential claim against the Debtors, no matter how remote or contingent, must file a proof of claim on or before the Bar Date.

Proofs of claims shall conform substantially to the form approved by the Court, a copy of which is on file at the Office of the Clerk and may also be obtained by telephoning 1-216-622-4660. Proofs of claims must be filed by mailing each such proof of claim so that it is received on or before the Bar Date by:

Mailing Address	Delivery Address
The LTV Corporation	The LTV Corporation
P.O. Box 94660	25 West Prospect Avenue
Cleveland, Ohio 44101	Cleveland, Ohio 44115

Copies of the Debtors' Schedules are available for inspection during regular business hours at the Office of the Clerk, United States Bankruptcy Court, Southern District of New York, Foley Square, New York, New York, or at The LTV Corporation, as agent for the Court, at 25 West Prospect Avenue, Cleveland, Ohio.

In the event you have questions concerning the completion, filing or processing of your proof of claim, you may telephone 216-622-4660 between the hours of 8:00 A.M. to 4:00 P.M. Eastern Time for assistance.

Dated: New York, New York
July 30, 1987

BY ORDER OF THE COURT

BURTON R. LIFLAND
UNITED STATES
BANKRUPTCY JUDGE

LEVIN & WEINTRAUB & CRAMES
225 Broadway
New York, New York 10007

DAVIS POLK & WARDWELL
One Chase Manhattan Plaza
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The LTV Corporation

PUBLIC NOTICE

BANK OF TOKYO (CURACAO) HOLDING N.V.

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U.S.$100,000,000

7¼% Guaranteed Bonds (the "Bonds") due 1992
Unconditionally and irrevocably guaranteed as to payment of principal and interest by

The Bank of Tokyo, Ltd.

(Kabushiki Kaisha Tokyo Ginko)

(Incorporated with limited liability in Japan)

We, Bank of Tokyo (Curaçao) Holding N.V. (the "Company") hereby give notice to each person who has paid the first instalment for a Bond or Bonds, which first instalment was in the amount of fifteen and five-eighths of one per cent (15⅝%) of the principal amount of the Bonds, and to all other persons currently entitled to a Bond or Bonds (any such person being hereinafter referred to as a "Bondholder" and collectively the "Bondholders") that the final instalment in respect of all Bonds is due and payable on 30th September, 1987. The amount of such final instalment in respect of each Bond shall be eighty-five per cent (85%) of the principal amount of such Bond.

Time is of the essence of the terms of the Bonds with respect to payment of the final instalment. Such payment shall be made to Cedel S.A. ("Cedel") or Euro-clear System ("Euro-clear") for the account of the Company.

Failure to pay the final instalment on any Bonds will entitle the Company to forfeit the same and to retain the first instalment on the Bond for its own use and will discharge the Company from any obligation to repay the first instalment or to pay interest thereon.

Payment of the final instalment must be made by Bondholders in same day funds for value 30th September, 1987 by requesting Cedel or Euro-clear to transfer the corresponding amount in favour of the account of the Company. Cedel and Euro-clear will pay the same to the Company in same day funds no later than 10:00 a.m., New York time, on 30th September, 1987. In accordance with their usual procedures, Cedel and Euro-clear will notify Bondholders of detailed instructions for payment of the final instalment prior to the due date of payment.

No Bondholder shall be entitled to receive any definitive Bond until the final instalment of the issue price of such Bond has been paid by such Bondholder.

The Company shall accept late payment of the final instalment on any Bond on 14th October, 1987 if such payment is accompanied by interest accrued on such instalment from and including 30th September, 1987 to but excluding 14th October, 1987 calculated at a rate of 8¼% per annum on the basis of a 360 day year and the number of days elapsed. Such payment may be made by requesting Cedel or Euro-clear to transfer the corresponding amount in favour of the account of the Company in same day funds for value 14th October, 1987. Cedel and Euro-clear will pay the same to the Company in same day funds no later than 10:00 a.m., New York time, on 14th October, 1987.

In the event that any Bondholder, whether or not an original subscriber, fails to make payment of the final instalment as aforesaid on or before 14th October, 1987 then, without the need for any formality or notice, all rights with respect of the Bond shall forthwith cease to be exercisable by such holder whereupon such Bond may, at the discretion of the Company, be forfeited or transferred to a third party or dealt with in any other manner which the Company thinks fit. As liquidated damages for the failure to pay such final instalment, the Company will retain the first instalment of the issue price previously paid for such Bond, and such holder shall have no entitlement to repayment of the first instalment or to any interest thereon for any period (the entitlement to which shall vest in any transferee of the Bond as aforesaid) but the Company shall have no further rights against such holder or against any previous holders of such Bond.

Neither Cedel nor Euro-clear will clear any transactions in the Bonds for settlement on or after 30th September, 1987 unless such transactions are in fully paid Bonds. Accordingly, as between the parties to any such transaction, it will be for the seller to assure payment of the final instalment of the issue price.

Bank of Tokyo (Curaçao) Holdings N.V.

28th August, 1987

AKRANES AND BORGARFJORDUR HEATING CORP.

US$10,000,000
Floating Rate Notes due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the Interest period from August 27, 1987 to February 29, 1988 the Notes will carry an interest rate of 7⅜% per annum.

The interest payable on the relevant interest payment date, February 29, 1988 against Coupon No. 6 will be US$38,104.17 for each Note of US$1,000,000.

The Agent Bank
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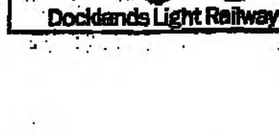

Docklands Light Railway

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
28	29	30	31	1	2	3

Exhibitions

LONDON

The Tate Gallery. Turner in the new *Clore Gallery: The Turner Bequest*, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than *130* years ago. Turner had always wished for a *gallery to himself which would show* all aspects of his work. Whether he would have approved of James Stirling's extension to the Tate as a suitable setting is a nice question. The *larger paintings may be hung too* low for one who lived in a more ostentatious age, and the tasteful oatmeal Stirling has decreed for the principal galleries is a far cry from the rich plum he is known to have preferred. The vulgar neo-deco of the entrance hall has little to recommend it. But eight rooms for paint*ings and one for watercolours give* room enough, and with the three reserve galleries upstairs, every painting but the few in restoration or on loan is on the wall.

PARIS

The Painter in Front of his Mirror: A collection of 222 self-portraits from the *18th to the 20th* century shows the infinite variety of ways in which an artist regards himself. *From a* painstaking likeness to a self representation under the traits of a mefisto or the devil, from thickly laid brushstrokes to the lightest of lines, painters draw their own image for friends – or for posterity. *Louvre des Antiquaires*, 2 Place Palais Royal. (429 72700) Ends Sept. 5.

Invitation to a Voyage: A delightful exhibition based on a Louis Vuitton collection, conjures up the excitement of travel from the middle ages till 1935, with finely tooled 15th *and 16th century caskets for jewels*, knives and goblets, with ornate leather trunks – and a *Sache Guitry* wardrobe case. The toilet sets dazzle with silver and crystal, ivory and tortoise shell, a French Coupe, a Dutch Royal sledge with a Japanese palanquin evoke adventure against the background of exotic travel *scenes, while the Pullman* era ushers in the luxury of discreet comfort amid the bustling porters. Musee des Arts Decoratifs, 107, Rue de Rivoli (4260 3214). Ends Aug 30.

WEST GERMANY

Kassel: Museum Fridericanum Orangerie: Documenta 8 'World exhibition *of contemporary arts*': paintings sculptures, theatre performances, architecture and design. The Documenta *was founded in 1955* by local painter Arnold Bode with Henry *Moore, Alexander Calder, Max* Ernst and Joan Miro and is an im*portant venue for modern art.* This year director Manfred Schneckenburger presents the *works of 150* artists, and for the first time open air sculptures which will be erected in Kassel's city centre. Artists exhibiting include Ian Hamilton Finlay, *Javier Mariscal, Robert Morris*, Mark Tansey, Alexander Melamid, *Eric Fischl, Leon Golub, Robert* Longo and Joseph Beuys. There is also a separate exhibition 'The Ideal Museum' where 12 architects present their ideas for Museum construction. Ends Sept 20.

Hildesheim, Roemer- und Pelizaeus-*Museum, Am Steine 1-2.* Egypt's rise to a World Power: More than 300 pieces loaned by 20 *museums* in Europe, Africa and America – the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a face, can be seen *complete in Hildesheim. The face*, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of antique Thebes., Clothes, household *appliances, tools, cosmetics and* jewellery illustrate the everyday life *of Egyptian citizens.* Ends Nov 29.

ITALY

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculp*ture (75 pieces in all)*, lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and *Veronese may have influenced Ma*tisse. Until October 18.

Rome: Galleria Nazionale d'Arte Moderna (Viale Delle Belle Arti) 'Le Stanze Della Memoria': views of interiors, portraits and conversation pieces from the Praz collection. The catalogue is almost more delectable than the exhibition itself: the deli*cate oils and watercolours get lost in* the austere spaces of the gallery. The nostalgic title *refers to a period* (1776-1870) when the aristocracy of Europe were united as never before or since, a period for which Mario Praz, anglophile, literary critic, and Professor of English Literature at the University of Rome, had a pas*sion. He recreated with accuracy* and affection the atmosphere at his "Casa Della Vita." Palazzo Ricci in Via Giulia. Praz's passion for empire style began when still a child and he was still buying new pieces at the age of 85, a year before he died. It is *sad that it proved impossible to buy* Palazzo Ricci itself, so that these delightful objects could have been seen in their proper setting. Until September 6.

Rome: Palazzo Braschi (Piazza San Pantaleo 1): Carlo Carra' *(1881–1966)*: Over 200 works by one of the most lyrical of Italian contemporary painters, many with clear echoes of those artists known to have influenced him, such as Giotto and *Piero Della Francesca*. Neatly divided into sections corresponding *to his futurist, metaphysical* and Realismo Magico periods. Ends *Sept 18.*

Rome: Palazzo Braschi: Painter-Photographers in Rome: 1845–1870: The term Painter-Photographer was used almost up to 1970 to describe the early photographers, even if they had never painted. An absorb*ing collection of documentary photo*graphs of Rome, including a collec*tion by the English* archeologist, John Henry Parker, and some striking portraits, all from the archives of the Rome Comune. Ends Sept 27.

Venice: Palazzo Grassi: Jean Tinguely: *1954–1987*: The jokey mechanical sculpture of Swiss artist Jean *Tinguely. A gentler, but still* mischievous, version of Salvador Dali, Tinguely describes some of his incredible moving sculptures (all built from refuse iron and steel) as "machines a sentiments," and the complexity and sheer improbability of *his works communicate a touching* "joie de vivre." Over 300 works are on show, lent by American and European museums, with photographs of his first Self-Destructing Sculpture. Homage to New York, which duly self-destructed in the gardens *of the Museum of Modern Art in* New York in 1960. Ends Oct 18.

NETHERLANDS

Overholland Museum (Museumplein 4). Roy Lichtenstein retrospective, with 275 drawings from 1961 to 1986, including preparatory gouache and collage studies for murals. Ends Sept. 13.

SPAIN

Madrid, *Fernando Botero.* Colombian painter whose imaginative world is *a poetic distortion of reality*. 100 works on loan by private collectors, museums and artist's funds. Centro de Arte Reina Sofia, Santa Isabel 52. Ends Sept 6..

NEW YORK

Museum of Modern Art: Berlinart 1961-87: An international assortment of *55 artists* who worked in Berlin over the past 25 years includes David Hockney, Malcolm Morley and Georg Baselitz. Ends Sept 8.

CHICAGO

Art Institute: 16th century Turkish art that flourished under "The Lawgiver" Sultan Suleyman is displayed in 210 objects including illustrated manuscripts, inlaid woodwork, rugs *and the imperial wardrobe.* Ends Sept 6.

WASHINGTON

National Gallery: A Century of Modern Sculpture, the Patsy and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, *Moore and Serra.* Ends Jan 3.

Hirschhorn Museum: One of the Chicago contemporary primitivists whose repeated scenes make evocative images has his first major east coast retrospective with 49 paintings and four painted construct*ions.* Ends Oct 18.

Theatre

LONDON

Antony and Cleopatra (Olivier): Peter Hall's best production for the National Theatre he leaves in 1988 brings this great but notoriously difficult play to thrilling life, with Judi Dench and Anthony Hopkins as battle scarred lovers on the brink of old age. Dench is angry, witty and ultimately moving. Best of the rest at the NT is Michael Gambon giving *his finest ever performance* as Arthur Miller's doomed longshoreman in A View from the Bridge; Juliet Stevenson in a fine revival of Lorca's Yerma; and David Hare's production of King Lear. Hopkins, a massive gnarled oak, which gathers *force and more friends* as it continues in the repertoire (928 2252).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Laroux's 1911 novel. Happens in a wonderful *Paris Opera* ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC *379 6131/240 7200*).

The Balcony (Barbican): Sadly dated and heavy-handed *opening to the* RSC's Genet retrospective, not helping to fight suspicions that the RSC, certainly in London, is stretched way beyond its creative capacities. Terry Hands directs, Farrah's set looks like a cheap pink brothel and *the actors, a dull lot, clump around* on high boots in big bulging costumes. (628 8795).

Follies (Shaftesbury): Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poi*soned marriages nearly undermine* an old burlesque re-union in a *doomed theatre.* Four *new songs*, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Melon (Haymarket): Alan Bates predictably good in new Simon Gray, clumsily directed by Christopher Morahan, about a jealous publisher *viewed in flashback from a* psychiatric ward after a breakdown. Menopausal mutterings, not vintage Gray. (930 9832).

Serious Money (*Wyndham's*): Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast *deemed less good.* (836 3028, CC 379 6565).

A Small Family Business (*Olivier*): Brilliant new Alan Ayckbourn play *about Britain on the fiddle in greedy* times, selling out to foreigners and *keeping it simultaneously in the* family. A comedy thriller on the *large scale. Ayckbourn's own* production is led majestically by Mi*chael Gambon. Best of the NT* rest remains King Lear and Antony and Cleopatra in the Olivier, A View From the Bridge in the Cottesloe. The new Brian Friel adaptation of Turgenev's Fathers and Sons is decent but dull in the Lyttelton. (928 2252).

Three Men on a Horse (Vaudeville): *George Abbott's sprightly gambling* comedy has transferred from the National. Geoffrey Hutchings in the lead now joined by Toyah Wilcox (836 9987).

NETHERLANDS

Amsterdam, Stadsschouwburg. The English Speaking Theatre of Amsterdam in Barrie Keeffe's trilogy Barbarians directed by David Swatling (all week except Sun and Mon). (24 23 11).

NEW YORK

Fences (46th Street): *August Wilson* hit a home-run, this year's Pulitzer *Prize, with James Earle Jones* taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve lot but dogged by his own failings. (221–1211).

Cats (Winter Garden): Still a sellout, *Trevor Nunn's production of T.S. El*liot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (*Majestic*): An immodest celebration of the heyday of Broad*way in the '30s incorporates gems* from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert): The longest-running musical ever in America *has not only supported* Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, *Harvey Fierstein's adaptation of the* French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

I'm Not Rappaport (Booth): The *Tony's best play of 1986 won on the* strength of its word-of-mouth popu*larity for the two oldsters on Central* Park benches who bicker uproar*iously* about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

Les Miserables (Broadway): Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's *majestic sweep of history and* pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

WASHINGTON

Satchmo (Opera House): New musical based on the life and music of Louis Armstrong opens. Kennedy Center (354 3770).

South Pacific: Robert Goulet stars in the Rogers and Hammerstein musi*cal in the last weekend of Wolf Trap.* Vienna, Va. (703 255 1868).

CHICAGO

Sunday in the Park with George (Goodman): Stephen Sondheim and *James Lapine's Pulitzer Prize* winning musical based on suppositions about the life of artist and Georges Seurat stars John Herrera as the artist and Paula Scrofano as his lover, Dot, directed by Michael Maggio. Ends Aug 16 (443 3800).

TOKYO

Les Misérables. After London and New York, now Tokyo and the Japanese version of the Tony-award winning musical. The cast was hand-picked by the creative team of producer Cameron Mackintosh (from *an astounding 11,500 hopefuls), then* trained for nine months in a special "ecole" and rehearsed by director John Caird. Costumes, set, sound, lighting have been supervised by the respective original designer flown in from London. Toho's Les Misérables is a triumph. The best production of a Western musical in Japan, *it differs little from the origi*nal London version. Convincing and moving, this top-quality production shows what can be achieved with proper casting and training. Sponsored by the cosmetics company, Shiseido. Imperial Theatre, near *Ginza. (201 7777).*

Annie. The Japanese-version of the Tony-award winning musical by Charles Strouse and Martin Charnin. Stars Shiori Kanno as Annie with Ichiro Zaitsu, Mitsuko Jun and the shepherd dog Sandy. The Aoyama Theatre (Tue, Wed, Thur). (230 1837).

Opera and Ballet

LONDON

London Palladium: Ballet Theatre Français with Rudolf Nureyev dancing each night in a Diaghilev season.

NEW YORK

New York City Opera: A fortnight of Sigmund Romberg's The Desert Song features Richard White and William Parcher as Pierre Birabeau in the company's first performances of the work, which is conducted by *Jim Coleman* in Robert Johanson's production. Lincoln Center *(870 5570).*

JAPAN

Japan Folkloric Art Dance Troupe: Programme consists of traditional dances from the various regions of *Japan, in spectacular, colourful* and highly skilled presentation. English programme notes. Yubin Chokin Hall, Shiba Park (Thur). (582 9171).

Continued on Page 11

هكذا من الأصل

Cinema/Nigel Andrews

Tragedy shot through with wit and lyricism

Comrades directed by Bill Douglas
Good Morning Babylon directed by Paolo and Vittorio Taviani
Lethal Weapon directed by Richard Donner
Power directed by Sidney Lumet

Scene from "Good Morning Babylon"

Comrades is the first full-length feature from Scottish director Bill Douglas, creator of that harshly poetic trilogy of autobiographical films that began with *My Childhood*. The world often sits by waiting to pounce on artists — whether novelists, playwrights or movie-makers — as soon as they hatch from their first phase of disguised or undisguised self-portraiture. And *Comrades*, which tells the story of the Tolpuddle martyrs from their clash with English law in the 1830s to their seven-year deportation sentence in Australia, shows enough signs of imperfect hatching to make it likely that many critics will shake their heads and proclaim, "Ah well. He had only his own story to tell after all."

But the film is one of daring breadth (it is three hours long) and only in the second, Australian half does it go significantly wrong. Here Douglas sets his six motley heroes down in Botany Bay — propelled thither by the Victorian bosses and big-wigs back in England who refused to recognise their right to form a union and convicted them of administering "illegal oaths"—and then he seems to have no clear idea of what to do with them. A diaspora of stories ensues. One of the Brits works in a chain-gang under a beating sun and the gang takes time off brutally to kill their guard. Other Brits become portable slaves for toffee-nosed Aussie landowners, including Arthur Dignam and Vanessa Redgrave. Others still mooch about the outback wondering when their sentences will be up or if a reprieve is in the offing.

Uprooted from Britain, Douglas's skills seem to lose all their muscle and purchase. The film becomes a slackly generic melodrama of injustice, indistinguishable from one of those sweat-and-shackles TV mini-series about Australia's convict past. But in the film's first half, set in Britain, there is wit and detail, toughness and compassion in the chronicle of the early labour movement. Douglas interweaves the different stories of hardship and grievance: the haggling over "eight shillings a week," the back-breaking spade work under shroud-grey winter skies, the daily crusts of bread, or hope, begged from a back-door.

And he interweaves through these a magical leitmotif, in the protean person of Alex Norton as "the Lanternist." Playing a baker's dozen of different roles, he pops up with chubby face and penny-bright eyes as a sort of pre-historian of cinema. The visual games and gewgaws with which he tours towns and villages (a silhouette show, a peepshow, a diorama) cast a retroactive glow of magic back from the age of movies into a world not yet graced by their molten fantasies. This puckish, mutable figure is contrasted with the monolithic harshness of English society, the English class system and—dominating all—the English landscape. Douglas and cameraman Gale Tattersall photograph the fields and moors with bleak power, curved and reared up against the skies as if man's planet were small and lonely enough to show the Earth's curvature in any vista.

The film falters only when Douglas deserts his own vision; or when it deserts *him* in scenes and characters that owe more to movies and history books than to his own experience. The Have-nots bring out in him an insight and sympathy that are never cloying or sentimental. But the Haves are mostly hand-me-down clichés: Robert Stephens snarling like a Dickensian ogre as the can't-pay-more-won't-pay-more landowner; Murray Melvin and Arthur Dignam as epicene dandies toying with the lower classes like cats with mice; and James Fox wheeled on for yet another of his portraits of weary (*and wearying*) patrician dandies.

At these points a tough-grained tragedy of human manners, shot through with wit and lyricism, turns into a tuppence-coloured political puppet-show. The best of *Comrades* deserves better—and promises better for Douglas's future films.

*

Good Morning Babylon is another demonstration that a film's quality can fluctuate dramatically according to how close or far the material is from the maker's own experience. Directors Paolo and Vittorio Taviani (of *Padre Padrone* and *Kaos*) have seized on a marvellous truth-based story idea—the tale of two Italian brothers who found fame in Hollywood by designing the giant elephants for D. W. Griffith's Babylon set in *Intolerance*—and set about turning it into a gilded fable about the early days of cinema.

Apart from a handful of US location shots, the film was made entirely in Italy, and its best scenes take place in a sunlit Arcadian clime that could equally be early Hollywood or mediaeval Umbria. The brothers (Vincent Spano and Joaquin de Almeida) belong to a family of cathedral restorers; they are grudgingly despatched to the New World by their stern father (Omero Antonutti) when business fails; and when they later get married on the set of *Intolerance*, who should turn up but Dad, who promptly has a verbal duel with D. W. Griffith about the relative importance of cathedrals and movies.

Whenever this magnetic patriarch and his two sons (who are surely alter egos for the Tavianis themselves) take centre screen, the film glows with life. And two sequences alone remind us that we are in the hands of major film-makers. One is the brothers' sea crossing, filmed as a wordless, fantasticated shorthand of sliding wine glasses, black-fuming smoke-stacks and rearing ocean waves gilded by sunset. *The other, equally surreal*, has the two brothers deep in the California countryside, one clashing a pair of cymbals pensively by a river, the other conjuring up flashback images of his father from the sparkle of a wine glass.

But elsewhere the film is almost scuppered by two direly written "female interest" roles. Greta Scacchi and Désirée Becker play, with many a giggle and simper, the two aspiring American starlets who marry our heroes. And Charles Dance's Griffith struggles manfully but none too convincingly with an American accent. (Could they not have got an American?) In short, whenever the Tavianis put on their Hawaiian shirts and fedoras and pretend to be Americans looking at Americans, the sound of phoniness rings loud in a movie whose best moments are the silent, the poetic, the surreal or the unabashedly Italianate.

*

"You're not just trying to draw psycho pension, you really *are* crazy," says black policeman Danny Glover to his hot-headed white junior Mel Gibson in *Lethal Weapon*. Ah yes. We live in the age of nutty policemen, especially in America. Every good cop worth his badge is a vigilante at heart, assuring citizens of their right to remain silent while beating their heads to a pulp, if necessary, to encourage that state.

In this headlong crime thriller directed by Richard (*Superman*) Donner, Vietnam is dragged into the melange as well. For undercover cop Mr Gibson is a traumatised Vietnam veteran. And since he has recently lost his wife to boot, he has to find someone else to boot. This turns out to be the criminals he meets. He kicks them, slaps their faces and pokes them in the eye. If the mood takes him, he also screams at them—in his strange accent which is that of an Australian actor trying to persuade us that he was born and bred *in LA*.

So the long day wears on, extended by a virulently daft plot about a mad ex-general (Mitchell Ryan) and his private army running a citywide heroin racket. There are guns, helicopters, car chases and torture sessions. Most of all, there is the sense of a law-and-order world running out of control and a film industry eagerly trying to follow suit.

One might not mind, on the other hand, if most of the main characters in *Power* could be duffed up by Mr Gibson. A poke in the snoot for Richard Gere, as the too-smarmy-by-half advertising genius who "sells" political candidates. A few corrective taps round the cerebellum for his pushy reporter girlfriend Julie Christie. And a night in the drunk tank for Gene Hackman, as the rival ad-man who drinks a lot but has not yet "lost his integrity." Sidney Lumet directs this ponderous, preachy yarn, whose message seems to be that deceiving the public with blatantly dishonest sales hype is bad. No; really!

New production of 'Paride ed Elena' at Drottningholm

Max Loppert visits Sweden's most famous Court Theatre where the Royal Opera of Stockholm is celebrating Gluck's bicentenary

The summer season of performances at the Drottningholm Court Theatre, that miraculous 18th century gem at the palace across the waters from central Stockholm, has in the last few years been occupied mainly by the cycle of Mozart operas put on by a specially formed company under Arnold Östman, the *Drottningholm* music director. But for many years before Östman's name gained its celebrity, the Royal Opera of Stockholm also took up summer occupancy of the theatre; and the practice has not been discontinued. This summer, for instance, the middle part of the schedule was filled by Göran Järvefelt's new productions of *Tito* and *Figaro*, conducted by Östman; and, on either side of it, in early June and late August, a new Royal Opera production of Gluck's *Paride ed Elena* was offered to mark the Gluck Bicentenary.

The Royal Opera have already built up an admirable record of Gluck performance here—the original version of *Orfeo* (with Kerstin Meyer and Elisabeth Söderström), *Alceste*, and both *Iphigénie operas*. Now *Paride*, most neglected of the important Gluck operas, the one most seldom given on stage, has joined the list. (Sweden, ever since the first performance of *Orfeo* in 1773, has remained a country notably hospitable to his operas—Gustaf III, that most civilized of kings, was a admirer, and so was J. M. Kraus, Sweden's first important composer.)

Purely as a reading of the opera the Drottningholm *Paride* was a very considerable disappointment, lamed by brutal cuts, poor singing of the all-important role of Paris, and wooden conducting. Yet in spite of this it was possible to derive great pleasure from a first encounter with the theatre, and *from an opera so beautifully* suited to performance in it (even while that performance was so manifestly far from any Drottningholm ideal).

The praises of Gustaf's little theatre, in which one seems to witness an 18th century theatrical vision springing to life, have been sung more than once on this page in recent years, so I shan't repeat them; but in particular, the speed of scene-change afforded by the original stage machinery—the sets (antique prospect, court interior, woodland scene etc.) were drawn from a stock of modern copies—was a delight in itself, and made for an urgency of stage momentum which the musical direction would have done well to imitate.

Paride ed Elena (1770), third (after *Orfeo* and *Alceste*) of the so-called Reform operas produced for Vienna, was the least popular and successful of the three. One sees why: for all the ceremonial grandeur of the choral tableaux it is an uncomfortably plain tale, essentially an intimate love-story devoted to the protracted wooing of Helen by Paris. Cupid, disguised as Erasto, plays an important Pandarus part; in Act 5 Pallas Athene intervenes with dire warnings of future tragedy: but every episode is a reflection of the central theme — the power at once sublime and destructive of sexual love — and it is followed through without let-up, in music at once *lyrically radiant and stripped* to bareness. The dramatic interest falls directly on the lovesick Cretan youth and the proud Spartan princess; everything depends on them, particularly on Paris, whose apostrophe to his "dolce ardor", placed almost at the start of the opera, provides the motto of the whole work.

One of the leading singers of the Stockholm company, the mezzo-soprano Sylvia Lindenstrand, had been engaged for Paris. She is, at least, not a tenor (the role, originally written for a soprano castrato, has in modern times been the victim of a common right-sex-wrong-octave error of casting). But her voice is apparently going through a difficult period —much of the music, including "O del mio dolce ardor," had to be transposed down at least a tone or more, and almost all of it, whether lowered in pitch or not, cost her painful struggles with the line.

It was probably for this reason that the high-lying "Spiagge amate," another of Paris's ravishing lovesick outbursts at the start of the opera, was cut — although as almost *equally infuriating truncations* were also practised on portions of the score not affecting Paris, it's hard to be certain. The woolliness of the singer's tone and emission made one aware, by default, that Paris is one of the most exacting of operatic roles—exposed, unremitting, of make-or-break importance to the work as a whole.

Helen, by contrast, was well assigned to Brit-Marie Aruhn (whose crystalline soprano won a deserved success as a Covent Garden Zerbinetta some years ago, but of whom we have heard nothing since then). The line was pure, confident, trimly edged; the Act 4 aria in which Helen's resolve alternates between firmness and passionate wavering was the single passage which sprang to life with a genuine Gluckian vitality. The other parts—Erasto-Cupid (Iwa Sörenson) and Pallas Athene (Carina Morling)—were modestly touched in; the dances were surprisingly full in presentation, considering the cuts elsewhere, but as staged by Bengt Peterson and choreographed by Regina Beck-Friis the production as a whole *showed a dependence on 18th* century gesture that was inadequately absorbed and digested, with lots of cape-swirling and hand-flourishes, little conviction of style.

The conductor, Thomas Schuback, laid a leaden hand on the score. He had not taught his singers to deliver accompanied recitative (in which the opera richly abounds) with any theatrical vigour; in defiance of the wonderfully intimate relationship of stage, orchestra pit and audience, he allowed the simple colour strokes to go for little; one longed for the use of period instruments to mitigate the heaviness of rhythmic tread. Altogether, it was hard not to think of this as an opportunity squandered—yet, for all that, I'm not sorry to have had the experience of it.

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Dotted all about the greater Stockholm area there are, it appears, beautifully preserved court theatres ready to be put into service for summer musical and theatrical performance. At Ulriksdal to the north of the city, a lakeside residence smaller than Drottningholm, more château than palace, became one of the favoured leisure haunts of Queen Lovisa Ulrika (Frederick the Great's sister and Gustaf III's mother). Confidencen, the Ulriksdal theatre — even more intimate than Drottningholm, hardly less delightful to visit — has in recent seasons played host to opera productions and concerts *under the direction of the singer* Kjerstin Dellert.

A visit to Confidencen last week was timed to catch an 18th-century style pasticcio of speech and song, *Play for a Queen*, devised to recount the history of the house. Voltaire's verse drama *Alzire*, excerpts of Handel's *Pastor fido*, and snatches of Frederick's own compositions for flute were sewn into the text; Dellert herself spoke and sang Mme Dulondel, the French actress-leader of the first theatrical troupe to have occupied Confidencen (the 18th-century Swedish court was famously francophile).

It was all a little coy, knowing, obvious, long-winded; but it was affectionately fashioned and it afforded a happy introduction to Pia-Marie Nilsson, a young soprano sweet, pure and finely produced. And in the interval the chance to go wild-raspberry picking in the woodland environs of the theatre—you can hardly take two steps on Scandinavian woodland paths, it seems, without stumbling on bushes of wild berries piercingly sweet and succulent —kept one in indulgent mood.

Ermione/Teatro Rossini, Pesaro

William Weaver

The Rossini Opera Festival in Pesaro is really under no obligation to produce, every summer, an unknown masterpiece for our admiration. But since it has done just that for the past two years—with *Il viaggio a Reims* in 1985 and *Bianca e Falliero* in 1986—it was logical for this year's audience to expect the same kind of wondrous magic to happen with the revival of *Ermione*. Somehow, this time, the trick didn't quite work, though the performance certainly extended our knowledge of Rossini, introduced us to an opera of great interest, and raised a number of questions about Rossini performance.

Actually *Ermione* was not exactly unknown. A dim concert reading in Siena a decade ago made it clear that the opera has some fascinating qualities (discussed also in Richard Osborne's valuable study of the composer); a second, more recent concert performance and a recording have made the piece still more accessible.

No one could really quarrel with the casting: Montserrat Caballé in the title-role, Marilyn Horne as Andromaca, the tenors Chris Merritt and Rockwell Blake as Pirro and Oreste. The secondary roles in this opera are also demanding, and they too were well-assigned. But somehow sparks failed to fly. The fault may have been, to some extent, the insensitive conducting of Gustav Kuhn, indulgent to the singers, indeed even self-indulgent as the maestro seemed to be relaxing and enjoying himself in the lyrical scenes, forgetting that they, too, must have momentum. But the great stars themselves seemed bent more on sounds than on sense: high notes were abundant and not always pleasant to hear (Merritt's shrill bleats were painful at times); but, more seriously, there was no sense of cause and effect, of relationship among the singers. Last year, the intensity of the Ricciarelli-Horne scenes was unforgettable. In *Ermione* the confrontation between the two heroines seemed strangely tame.

Rossini, in 1819 at the height of his Italian career, was clearly experimenting, trying out a different kind of drama. Based on Racine's *Andromaque*, Andrea Leone Tottola's workmanlike libretto is anything but conventional. Oreste loves Ermione, who loves Pirro, who loves Andromaca, who loves only her dead husband and her small son, for whose life she is justly apprehensive. Since no love is requited there are no love duets, much of the music is in the same dramatic line. Andromaca has some tender maternal moments (and Horne, here, was totally committed to the music, at her very best), and Oreste has a splendid entrance aria, preceded by some skittering "crazy" music (Blake carried the neurosis a bit too far); but for the most part the characters are either suing unsuccessfully or warding off unwanted affection.

A more penetrating staging might have enlivened the performance, but even an inventive director like Roberto De Simone is up against difficulties with these artists, who are, well, less than agile. They spent considerable time sitting down; and when they did move, the awkward sets by Enrico Job did not help (it was cruel to make Caballé climb down so many steps). Job's costumes were a puzzlement: chasubles and tents for the principals, all be-swagged with beaded ropes like the curtains of a Mediterranean café, and Napoleonic court dress for the chorus. Visually this *Ermione* had no character. Having voiced these reservations, one can only add that the opera invites further hearing (and further production); and Pesaro was absolutely right to revive it.

*

Fewer qualms about the festival's other opera production: a bright new staging of *L'Occasione fa il ladro* in the Sala Pedrotti. Here the first-rate singers were very much a team, and if Jean Pierre Ponnelle's direction seemed now and then over-busy (all those eavesdropping servants!), it had the virtue of coherence, it had a line, recognisable intentions. Musically, the performance was close to impeccable. The violinist Salvatore Accardo, who has lately been doing more and more conducting, led the bright young Orchestra Giovanile Italiana with the tip of his baton: all was fresh and fluent, never rushed, never sagging.

The same orchestra played creditably also in the *Ermione*, but here the skirling winds and the smooth strings seemed to be enjoying themselves, like us in the audience.

Luciana Serra is an old-fashioned, crystalline coloratura (the Pagliughi school) and she has a great sense of humour along with her telling accuracy. She and the veteran baritone Claudio Desderi kept things moving, though Desderi never sacrificed his warm singing to the clowning required by Ponnelle. Raul Gimenez and J. Patrick Raftery, Pesaro regulars, were delightful as the rival swains, and smaller roles were intelligently filled by Luciana D'Intino and Ernesto Gavazzi. Ovations had been the order of the evening at the *Ermione* premiere (though there was also some vociferous, organised opposition to Caballé); here the ovations seemed more spontaneous and perhaps even more deserved.

Chris Merritt and Marilyn Horne

Arts Week

Continued from Page 10

Music

LONDON

London Sinfonietta conducted by Diego Masson with soloists. Machaut/Birtwistle, Monteverdi, Kagel and Berio. Queen Elizabeth Hall (Mon). (928 3191).

BBC Philharmonic Orchestra conducted by Edward Downes with Robert Tear, tenor. Delius, Richard Rodney Bennett and Rachmaninov. Royal Albert Hall (Mon). (589 8212).

Philharmonia Orchestra conducted by Owain Arwel Hughes with Gyorgy Pauk, violin. Rossini, Grieg, Bruch, Beethoven. Barbican Hall (Tue). (638 8891).

BBC Symphony Orchestra conducted by David Atherton. Bartok and Shostakovich. Royal Albert Hall (Tue).

Israel Philharmonic Orchestra conducted by Zubin Mehta with Shlomo Mintz, violin. Brahms and Mahler. Barbican Hall (Wed).

BBC Philharmonic Orchestra with *chorus and soloists*, conducted by Edward Downes. Tchaikovsky and Borodin. Royal Albert Hall (Wed).

Israel Philharmonic Orchestra conducted by Zubin Mehta. Bruckner. Royal Albert Hall (Thur).

English Chamber Orchestra conducted by Edmon Colomer with Emanuel Ax, piano and Jose-Luis Garcia, violin. Mozart, Beethoven and Vivaldi. Barbican Hall (Thur).

Taverner Choir and London Sinfonietta conducted by Andrew Parrott with Rohan de Saram, cello. Machaut, Xenakis and Stravinsky. Queen Elizabeth Hall (Thur).

PARIS

Ensemble Gilles Binchois conducted by Dominique Vellard: Cathedral Vocal Music, Ecole Notre-Dame de Paris (Mon, 8.30pm). Saint-Severin Church.

Anna Stella Schic, piano: One Hour with Gershwin (Tue, 7pm). Auditorium des Halles.

Ensemble Erwartung conducted by Bernard Desgraupes: Hommage to St. John Perse and Blaise Cendrars with Durey and Milhaud (Wed, 8.30pm). Auditorium des Halles.

Orchestre Français des Jeunes conducted by Emmanuel Krivine, Gerard Causse, alto: Debussy, Bartok (Thur, 8.30pm). Salle Pleyel.

All the above are part of the Paris Festival Estival (4804 9801).

CHICAGO

Ravinia Festival: The Tokyo String Quartet. Beethoven cycle (Tue, Wed, Thur). *Highland Park (728 4642).*

JAPAN

Japan Philharmonic Orchestra conducted by Ken-Ichiro Kobayashi with Mariko Senju, violin. Rimsky-Korsakov, Saint-Saens, Massenet, Sarasate and Ravel. Suntory Hall, Akasaka (Thur). (237 9990; 980 6060).

BBC Symphony/Albert Hall

David Murray

Wednesday's Prom was conducted by Bernard Haitink, and so everything about it was well-planned and reliable. Haitink is perhaps experimenting with a new, light touch: the opening movement of Mozart's Symphony no. 29—only "Allegro moderato," after all—positively scampered along, and the Minuet was so excitingly speedy (though Haitink relaxed for the Trio) as to seem a quite different dance. Some of the humorous touches in the score shot by unremarked, but the Finale sparkled.

It was curious to see the orchestral reinforcements trooping on for Ravel's restrained *Shéhérazade* songs, nor, in deference to his singer Felicity Lott, did Haitink ever give them their heads. The brief but imposing Rimskian breakers in "Asie" were only sea-swells. Miss Lott was predictably subtle and teasing in that song and in "La Flûte enchantée" (and predictably cautious with the respective climaxes on "haine" and "joie"), rapt and then gracefully disappointed in "L'Indifférent." If Haitink allowed her too much drawing-out of the recitative passages — "pour interrompre le conte avec art" indeed! — he always captured the essential pulse in movement, and the iridescent textures. It was a performance that invited happy surrender.

We had Stravinsky's *Petrushka* in its full 1911 panoply, though Haitink again kept his forces on a close rein, and preferred a crisp tread in many places where peasant stamping is the usual thing. The efficient solo piano was not prominent (barely audible in the "Danse russe," though the microphones may have picked it up for home listeners). Petrushka's solo scene was neatly shaped as drama; so was the subsequent to-do in the Blackamoor's cell. The final Shrovetide Fair, excellent in parts, built to something less than the peak of exuberance one instinctively wants. The trumpets were problem-free—not something that can be counted upon—and sprightly in the Ballerina's dances. Satisfying enough, all in all; just a degree too polite.

Add strontium to the warm recipe

Jane Rippeteau reports on the search for a 'room temperature' superconductor

W. YAO LIANG, of Cambridge University's department of physics, was visiting the General Electric Company (GEC) of the UK last Friday in the hope of netting a research arrangement for his work on superconductivity. Right in the middle of things, his host, Karl A. Gehring, received a telephone call from Tokyo: colleagues there had heard at a conference about a new material with revolutionary implications.

Allegedly, the substance would superconduct - that is, transmit electrical current with almost no loss of power - at room temperature without any of the cooling systems required by previously known materials.

The two men were sceptical. Others had claimed fleeting instances of the eagerly sought "room temperature superconductor." But Gehring immediately shared the formula with Liang, and the scientist zipped back to his laboratory to bake up a batch.

"I knew he would go away and try to grow that crystal on his own," says Gehring, who heads GEC's superconductivity programme. "So little is known about these materials, it is quite possible we would succeed and they wouldn't, or they'd come up with a particular technique and succeed and we wouldn't."

At least at this uncommercial stage of development, Gehring feels that "it's important we spread information around."

In initial tests still under way, Liang and his team have not been able to confirm the findings of the Japanese company, Electro Technical Laboratory (ETL), which has a recipe for the metallic material that adds a dash of strontium to the proven "warm" superconductors of copper, oxygen, ytrium and barium.

But to Liang, the incident reveals the sort of co-operative attitude that he and colleagues know is invaluable to Cambridge's strategy, as it competes with companies and institutions worldwide to unlock the secrets of superconductor technology. This research holds great promise for a variety of commercial applications, from power generation to low-cost medical scanners, smaller computers and energy storage.

With £3.5m of equipment, an established team linking five departments and a targeted effort to set up industrial collaboration with GEC, Oxford Instruments, IBM and others, Cambridge is at the forefront of superconductor research in the UK.

One of its scientists, Jan E. Evetts, is already anxious to move beyond the sharing phase to protect any possible proprietary edge. He and colleagues have so far filed for six patents, ranging from the basic physics of the materials to designs for superconducting wires that could be used by industry.

Evetts says that within days of one filing, a Japanese trading company, that he will not name, contacted him offering research funds in exchange for patent rights. "As soon as they realised I had intellectual property, they came offering money." A few English companies expressed interest, too, but the approach was different: "The English said, 'Can we have lunch?' The Japanese said, 'We want to give you money'."

However, Liang says he found a more positive response from British industry, at least concerning small research grants. "The situation is so new. Some companies have come around and asked if we wanted money," says Liang. One has provided a no-strings-attached kitty of £7,000 to support a post-doctoral student.

And in March, when the UK Science and Engineering Research Council (SERC) had overspent and so froze funding, Liang recalls a spur-of-the-moment decision to call Oxford Instruments, the highly-successful UK company that is the world's leading supplier of conventional superconducting magnets.

While big companies usually have cumbersome procedures for grant applications, "at Oxford, you are dealing with a man," says Liang. He soon had £10,000 in funds, enough "to tide over his crystal-grower and buy some equipment."

Although superconducting materials are in use today, they require expensive cooling systems to chill them almost to absolute zero (0 degrees Kelvin, or -273 Celsius). A burst of discoveries this year turned up new compounds working at 93 degrees K, which need only cheap liquid nitrogen to cool them. Attention shot naturally to the revolutionary prospect of room temperature superconductors.

Most of the warm superconductors follow a formula that scientists call the 1-2-3 compound (see illustration). That stands for one atom of ytrium, two of barium and three coppers, plus varying amounts of oxygen. Scientists do not yet fully understand how and why this metal oxide works as a superconductor. These questions are the main focus of research today because once scientists know why a certain material works, they can begin resolving the technical barriers to commercial application.

One problem is the highly unstable behavior of oxygen in the compounds. "Oxygen goes in and out of them like a sieve," says Eckardt Salje, lecturer in the university's department of earth sciences. As a result, the materials lose their superconducting punch over a matter of months and revert to normal conductors, or worse, to insulators.

According to Liang, this problem is evident with the ETL material, which lasted just a day before losing its superconductivity. However, the new recipe gives important clues. "Strontium has a different size from barium," notes Liang. Because of that, the copper atoms are pushed further apart, opening up the lattice framework of the crystal unit and allowing it to hold more oxygen.

"It's a step towards our understanding of the mechanism," he says.

Studies are costly and time-consuming, though. Salje has one £200,000 computer-controlled machine running constantly to analyse atomic structure at different temperatures, to try to understand why the oxygen blasts around the way it does. It takes two weeks just to get one sample, and five or six samples at several temperatures are needed.

Salje is chairman of Cambridge's High Temperature Superconductivity Group, which links his department with other relevant disciplines in chemistry, physics, materials science and metallurgy, and engineering. The group involves about 30 Cambridge staff members and post-doctoral students, and about 20 visiting scientists. But, of these, fewer than 10 are able to work full-time on superconductor studies, according to Salje.

While some concentrate on ways to control the errant oxygen, others are trying to increase the material's limited ability to transmit high densities of electrical current. What the new materials transmit goes fast, but the amount is at best a tenth of that of conventional superconductors.

Evetts and his team are plumbing a third major block: the material as presently fabricated comes out as a fairly fragile and brittle ceramic. The industrial applications envisaged call for either flexible wires that, for instance, could be wound around a core to make a powerful magnet, or thin films adaptable to semiconductor manufacture.

A glimpse of the problem is given by Evetts:

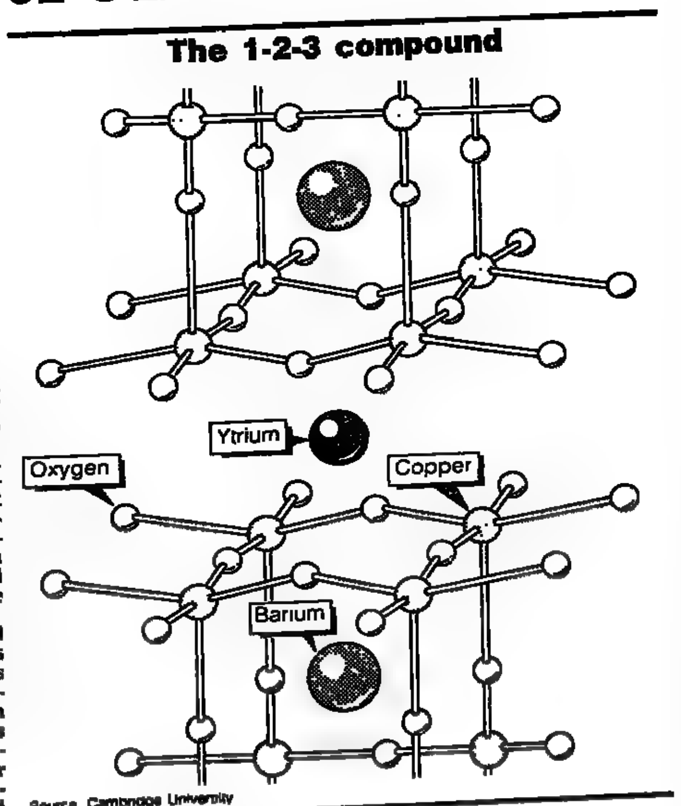
The material in powdered form can be packed into a narrow tube of silver to create a flexible superconducting wire. Since silver does not oxidise, it allows oxygen to pass through it to the material inside which needs it. But the limitation of silver is that it is too soft to hold up in the desired applications.

Evetts's design calls for a stainless steel tube with a hole in the centre surrounded by a thin membrane of silver. Superconducting powder is packed between and oxygen allowed into the tube's centre.

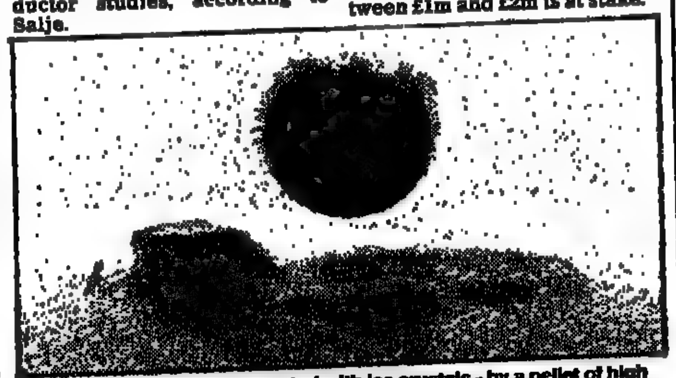
Work on thin films looks set for a boost at Cambridge. As a result of last Friday's meeting, the university and GEC are close to an agreement concerning exclusive use of a £700,000 machine, called a molecular beam epitaxy, or MBE, device. It can be used to spray molecules of the superconducting material on to a base, so creating a thin film with the potential forindustrial use.

Cambridge is hoping that such assets will help it in SERC's autumn contest to select an inter-university UK centre for superconductivity research. Eleven UK universities are competing and funding of between £1m and £2m is at stake.

The 1-2-3 compound



Source: Cambridge University



Levitation of a magnet - coated with ice crystals - by a pellet of high temperature superconductor standing proud in liquid nitrogen

Good news for oyster lovers

BIOCHEMICAL research in the US has provided some mouth-watering news for lovers of oysters. Scientists believe they have hit on a way of ridding the shellfish of an unpleasant disease called bonamiasis, which has threatened to decimate their numbers in Europe.

The work is being done at a marine science laboratory in Sequim, Washington, run by Battelle, the contract research company. In the studies, paid for by the US Department of Energy, scientists have looked at the way a parasite, known as bonamia ostreae, brings on the disease by invading an oyster's blood cells and destroying its immune system.

A large proportion of the oyster population has been wiped out in France, the Netherlands, Britain, Spain and Ireland.

Battelle's scientists in Washington, where oyster cultivation is a big industry, have analysed how the disease starts and spreads, and are breeding oysters which appear resistant to it.

Ultimately, they hope to incorporate genetic material from the resistant shellfish in the tissue of the European variety. Scientists think it may be possible to build up large stocks of oysters which are unlikely to catch the disease and which can thrive all the way to the dinner table.

A shot in the dark

A SMALL laser device promises to make life easier for both soldiers and TV crews. The system, made by Imatronic, a British company, clips on to a gun or a TV camera, enabling precise aiming in the dark.

The £300 device emits a narrow beam with a range of up to 500yd. This results in a small red spot settling on the target.

According to Imatronic, the product is of a size previously considered unattainable - it is about 7in long and 1in wide. The company says it expects the system to see widespread use in the forces.

Design for safety

WANT to be a cut above the rest when using a chainsaw? Stihl, of West Germany, has come out with a range of clothes which it says should be standard garb for safety-conscious farmers and woodmen wielding such equipment.

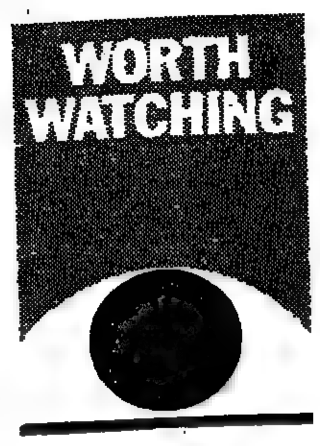
The clothes, a matching set of jacket, trousers and leggings, are stitched together from 10 layers of loose polyester fibres, sandwiched between an outer waterproof covering and a cotton lining. If the clothing becomes caught in the saw, the fibres act like a brake, stopping the machinery in a fraction of a second.

Stihl has moved into clothing for chainsaw operators as a sideline to turning out the machine.

Emergency service

IN THE UK, International Computers (ICL) is to offer its customers a disaster recovery service using several major ICL machines on 'hot standby.'

The emergency computers are at the premises of Sherwood Locum, which has established the service with extensive communications facilities in Salisbury. Subscribers to the service can use the machine room as if it were their own.



Flat screen inches forward

A FINNISH company has unveiled its version of a flat-screen television, only 2 cm deep. Lohja, which has a UK base in Leeds, believes it is one of only a few companies outside Japan capable of making such a product.

The company adds the rider that is has yet to perfect the technology behind the system. It is not being manufactured as a commercial item because of problems in getting good quality colour on the television - the prototype version is black and white only - and in reducing production costs.

Lohja believes that the flat-screen device will come into its own in the 1990s, first for use in computer equipment and then in domestic televisions.

Help in the book hunt

MANCHESTER University, in the UK, is automating the records to its library of 3m books and journals. The computer system, to be installed by Crowntek, will be especially helpful in keeping track of the university's collection of ancient books and manuscripts.

The system, which will be centred on an Amdahl computer, will link 1,000 terminals to which some 30,000 people can gain access around the university. By logging on to the system, researchers, staff and undergraduates will be able to quickly locate the books of their choice.

The switch that defies water

PLASTICS technology has come to the aid of the specialised part of the offshore industry which uses underwater mechanisms to inspect pipelines.

Hydrovision, of Aberdeen in the UK, is using a switching unit made from advanced plastics to control an unmanned submarine. The switch is designed to operate while soaked with water.

Made by John McGavigan, of Glasgow, it is used to control a remotely operated vehicle that swims into position. Instructions are fed along a cable linking the vehicle to a mother vessel or the shore.

McGavigan says that the plastic switch contains a sealed membrane which allows it to be used on an open deck, where the system is in constant danger of becoming waterlogged by rain or sea spray.

CONTACTS: Battelle: UK, 01 493 0184. Imatronic: UK, 0734 771233. Stihl, UK, 04862 20222. ICL: London, 788 7272. Lohja, UK, 0532 455645. John McGavigan 041 776 5261

PETER MARSH

هكذا من الأصل

THE PROPERTY MARKET By Paul Cheeseright

When it comes to development Glasgow is miles better

DCI, THE private Glasgow property company 80 per cent owned by Mr Allan Campbell Fraser, has the problem of reconciling ambition to capital. It needs cash. Not because there is any question of going broke. Rather it is a matter of making financial choices about the next moves for the company.

The situation is this: DCI has completed the Westergate office building in Glasgow, and has safely let it to British Telecom to provide a rent roll of £1m a year. The block has a capital value of around £20m. DCI's next office venture, Northgate, is coming through in two phases. The first is nearly complete and partially let. The second is a planned tower block of around 160,000 sq ft with a development cost of £35m.

The question is how to use the finished developments - Westergate and Northgate - to pay for the tower, as well as a possible diversification of the company south of the border. Mr Campbell Fraser is looking at the choices.

He is not enthusiastic about a market listing even though he acknowledges that the banks and institutions like it. "Why bother with listing if we can finance development without it?" he asks.

On the basis that Westergate at £20m is a fairly large sale for a single institution to swallow in Glasgow, he is more interested in securitisation. This could take place in two ways, either of which would allow DCI to realise part of its initial investment.

PROPERTY people complain about the way in which financial institutions tend to favour London and the South East when they make their investments.

And it is certainly true that over a seven year period in Scotland, the insurance companies, pension funds and property unit trusts have allowed property investment to decline as a proportion of the capital value of their portfolios.

Between 1980 and 1986 institutional holdings of office property north of the border dropped from 5.1 to 4.0 per cent of the total. Retail fell from 8.8 to 8.3 per cent and industrial from 4.3 to 2.7 per cent.

But the scope for selling on developments is widening as new forms of property investment become available. This is what is influencing the thinking of DCI in Glasgow. It could also be important for the consortium developing The Forge shopping centre in Glasgow – which is due to be completed next year.

Westergate could be spun off into a separate company with a few institutional shareholders and DCI keeping a stake. Or it could be formed into a single property ownership trust - for which the stock market listing regulations are still being worked out.

It would suit DCI to hold Westergate until after the first rent review in just over three years' time, when the rent roll will probably double. But if Westergate is held, then DCI would probably have to search for longer-term mortgage funding. "That could be useful," says Mr Campbell Fraser, "but you've got to watch you don't tear the balance sheet to bits."

Realisation of the Westergate investment, or at least part of it, would permit DCI to use internal funding for the Northgate tower. Without this, "development potential is limited unless we bring in partners," notes Mr Campbell Fraser.

Although he concedes that "50 to 70 per cent of something is better than 100 per cent of nothing," he sees problems in joint ventures. The chief of these is the question of "matching partners with development criteria." The point here is that DCI wants to build offices which are at the technological forefront and therefore often cost a third or a half more than conventional developments. Underlying this is the belief that tenants will come forward if the standards of accomodation offered are high enough.

DCI's assets are increasing and its rental income is growing. But the funding problem has to be resolved. "It's not urgent but I think it would be good housekeeping – otherwise you're overstretching," says Mr Campbell Fraser with a glance over his shoulder at the 1974 property crash.

THE FIRST syndicated bank loan for a major property development in Scotland is being spent on construction at The Forge shopping centre in Parkhead, eastern Glasgow, at a rate of around £1m a month.

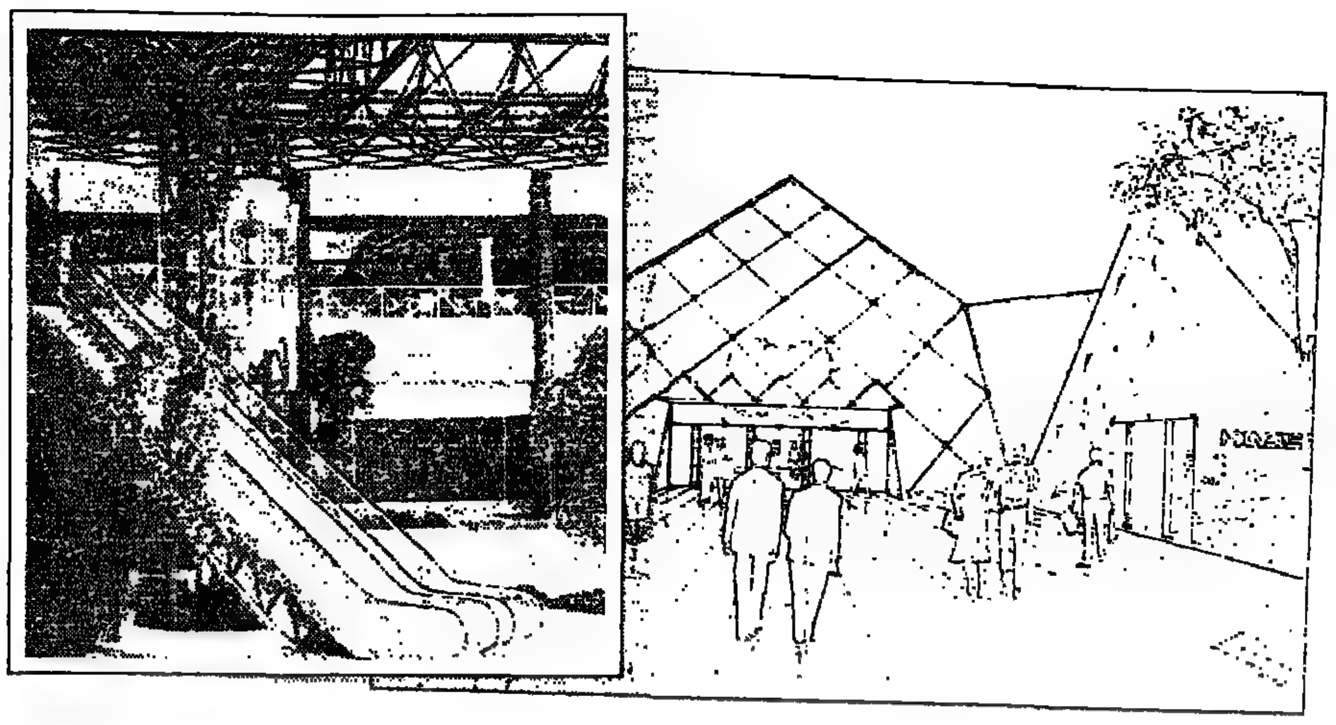
By the time the centre opens in October 1988, the £25m limited recourse facility provided by County Natwest, Security Pacific and Privatbanken will probably be eaten up.

The duration of the loan comfortably covers the development and letting period for The Forge. After that, the developers - Arlington Securities, Buckfield Properties and their partner, Combined Developments (Parkhead) - will decide whether to retain the property for investment, re-finance it, or sell it on.

The 500,000 sq ft Forge is a risk, the biggest private sector development in a depressed part of the city, although it is made less so by the independent development of a Gateway supermarket as part of the complex.

Arlington looks after the bank funds for the consortium. At the moment their biggest commitment is meeting the costs of the £16m Balfour Beatty construction contract. This in turn is supervised by Project Management International, the project managers on the site who report directly to Arlington.

Each month, explained David Lamond of PMI, Balfour Beatty agrees with Gordon Harris, the quantity surveyors, on the value of the work that has been done.



The Forge Shopping Centre in Parkhead, eastern Glasgow: model of the main court, left, and drawing of the western entrance.

This assessment goes to Scott, Brownrigg and Turner, the architects. About 3 per cent of the valuation is held back.

Once PMI gives an authorisation that the work has been done to its satisfaction, a report goes to Arlington, which in turn arranges for the banks to release the funds. Each month, too, PMI formally reports to Arlington on the way the costs are running, so that these can be set against the level of projected payments. At the moment construction is running on time and on budget.

However, payments will accelerate as the project nears completion and as changes are made to building plans because of tenant demands, the upgrading of, say, the electrical or mechanical systems, or just because of the unexpected.

> The Forge is a risk, the biggest private sector development in a depressed part of the city.

Most developers - and Arlington is no exception - keep a contingency fund of around 5 per cent of the total cost of a project to cover cost escalation and changes of mind while the construction work is going on. And there will be further contingency sub-funds related to specific specialist contracts.

The key is to minimise the risk and make certain that the biggest disbursements of funds take place close to the time when the project starts to earn revenue, thereby holding down the interest charges.

To some extent therefore, there is a difference of interest between, in this case, Arlington and Balfour Beatty. Arlington wants to hold down payments while Balfour Beatty wants to create an immediate cashflow.

There is also the question of who takes responsibility for the unexpected. When development started at The Forge, it was not clear what would be found underground on what was an old steel mill site. Arlington negotiated with Balfour Beatty so that the latter took on the costs and responsibility for dealing with whatever was found.

Contracts and Tenders

Commercial Property

International Property

Motors

Legal Notices

ADVERTISEMENT OF APPOINTMENT OF ADMINISTRATIVE RECEIVER

I, JOHN MARTIN IREDALE of Cork Gully, Phoenix House, Station Hill, Reading was appointed administrative receiver of Goodman for Steel Limited.
(Registered No: 1674689)
by Barclays Bank plc
on 20 August 1987.

ADVERTISEMENT OF APPOINTMENT OF ADMINISTRATIVE RECEIVER

I, JOHN MARTIN IREDALE of Cork Gully, Phoenix House, Station Hill, Reading was appointed administrative receiver of A&B Goodman (Properties) Limited.
(Registered No: 1871638)
by Barclays Bank plc
on 20 August 1987.

ADVERTISEMENT OF APPOINTMENT OF ADMINISTRATIVE RECEIVER

I, JOHN MARTIN IREDALE of Cork Gully, Phoenix House, Station Hill, Reading was appointed administrative receiver of Goodman for Steel Holding Limited.
(Registered No: 298093)
by Barclays Bank plc
on 20 August 1987.

Company Notices

Legal Notices

IN THE MATTER OF THE INSOLVENCY ACT 1986 AND IN THE MATTER OF MACBAR MARINE LIMITED (IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to Section 48 (2), of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the Forestdale Suite, Wessex Hotel, West Cliff Road, Bournemouth, Dorset, BH2 5EU at 1100 hours on Tuesday 15 September 1987 for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act and, if thought fit, appointing a committee.

Creditors are entitled to vote if:
(a) they have delivered to us at the address shown below, no later than 1200 hours on Monday 14 September 1987, written details of the debts they claim to be due to them from the company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Signed: Date: 28 August 1987
J. M. IREDALE and R. M. ADDY
Administrative Receivers

Creditors may obtain a copy of the report, free of charge, on application to the Administrative Receivers at the address shown above.

IN THE MATTER OF THE INSOLVENCY ACT 1986 AND IN THE MATTER OF MACBAR BIO-TECH ENERGY LIMITED (IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to Section 48 (2), of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the Forestdale Suite, Wessex Hotel, West Cliff Road, Bournemouth, Dorset, BH2 5EU at 1100 hours on Tuesday 15 September 1987 for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act and, if thought fit, appointing a committee.

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(a) they have delivered to us at the address shown below, no later than 1200 hours on Monday 14 September 1987, written details of the debts they claim to be due to them from the company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Signed: Date: 28 August 1987
J. M. IREDALE and R. M. ADDY
Administrative Receivers

Creditors may obtain a copy of the report, free of charge, on application to the Administrative Receivers at the address shown above.

IN THE MATTER OF THE INSOLVENCY ACT 1986 AND IN THE MATTER OF MACBAR CONSTRUCTION LIMITED (In Receivership)

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above-named company will be held at the Forestdale Suite, Wessex Hotel, West Cliff Road, Bournemouth, Dorset, BH2 5EU at 1100 hours on Tuesday 15 September 1987 for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act and, if thought fit, appointing a committee.

Creditors are entitled to vote if:
(a) they have delivered to us at the address shown below, no later than 1200 hours on Monday 14 September 1987, written details of the debts they claim to be due to them from the company, and their claims have been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Dated this 28th day of August, 1987.
J. M. IREDALE and R. M. ADDY
Administrative Receivers

Creditors may obtain a copy of the report, free of charge, on application to the Administrative Receivers at the address shown above.

IN THE MATTER OF THE INSOLVENCY ACT 1986 AND IN THE MATTER OF MACBAR PLANT LIMITED (IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to Section 48 (2), of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the Forestdale Suite, Wessex Hotel, West Cliff Road, Bournemouth, Dorset, BH2 5EU at 1100 hours on Tuesday 15 September 1987 for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act and, if thought fit, appointing a committee.

Creditors are entitled to vote if:
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(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Signed: Date: 28 August 1987
J. M. IREDALE and R. M. ADDY
Administrative Receivers

Creditors may obtain a copy of the report, free of charge, on application to the Administrative Receivers at the address shown above.

IN THE MATTER OF THE INSOLVENCY ACT 1986 AND IN THE MATTER OF MACBAR DESIGN & BUILD LIMITED (IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to Section 48 (2), of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the Forestdale Suite, Wessex Hotel, West Cliff Road, Bournemouth, Dorset, BH2 5EU at 1100 hours on Tuesday 15 September 1987 for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act and, if thought fit, appointing a committee.

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(b) there has been lodged with us any proxy which the creditor intends to be used on his behalf.

Signed: Date: 28 August 1987
J. M. IREDALE and R. M. ADDY
Administrative Receivers

Creditors may obtain a copy of the report, free of charge, on application to the Administrative Receivers at the address shown above.

IN THE MATTER OF THE INSOLVENCY ACT 1986 AND IN THE MATTER OF MACBAR HOLDINGS LIMITED (IN RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to Section 48 (2), of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named company will be held at the Forestdale Suite, Wessex Hotel, West Cliff Road, Bournemouth, Dorset, BH2 5EU at 1100 hours on Tuesday 15 September 1987 for the purpose of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act and, if thought fit, appointing a committee.

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J. M. IREDALE and R. M. ADDY
Administrative Receivers

Creditors may obtain a copy of the report, free of charge, on application to the Administrative Receivers at the address shown above.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Friday August 28 1987

Clearer path to a summit

THE OFFER by Mr Kohl, the West German Chancellor, ultimately to scrap Bonn's ageing Pershing 1A missiles has removed the single biggest remaining obstacle to an agreement between the US and the Soviet Union on the world-wide elimination of intermediate-range nuclear forces. Barring last-minute hitches—always a possibility given the sensitive nature of arms control negotiations and the whole superpower relationship — President Reagan's optimism that a deal can be reached promptly appears to be justified.

The fundamental reasons for such optimism have long been evident, and have as much to do with Soviet and American domestic politics as with a desire to rid the world of nuclear weapons. His reputation seriously damaged by the Iran/Contra affair, President Reagan is anxious to bow out from the White House with a resounding foreign policy success to his credit. Mr Gorbachev, too, is badly in need of a concrete achievement on the world stage to add substance to his propaganda victories. He has made no secret of his belief that his planned economic reforms are heavily dependent on reducing expenditure on armaments.

Given these considerations, it was improbable that Mr Kohl and his conservative supporters in the Bonn government could hold out for very long against the combined forces of Washington and Moscow, backed by the Chancellor's own coalition partners. Once the US and the Soviet Union had agreed on the so-called "global double zero option" providing for the abolition of all nuclear missiles with a range of between 500 km and 5,000 km, Bonn's insistence on retaining its own 72 P1As, with a range of 720 km, became virtually untenable. That was particularly true given the fact that their nuclear warheads remained under US control.

Symbolic reminder

The Nato argument that the missiles in question could not be included in a bilateral US-Soviet agreement because they were "third country systems" always appeared an over-legalistic interpretation of a problem which was one of politics and strategy. Having been dragged kicking and screaming into approving the "double zero option," which they and other European members of Nato feared might lead to the weakening of the US nuclear shield over Europe, the Germans felt particularly vulnerable to the Warsaw Pact's superiority in conventional forces.

The P1As, however out-of-date they might be, were at least a symbolic reminder to Moscow that West Germany continued to have a medium-range nuclear capability in the event of a Warsaw Pact attack. Though unconvinced of the P1A's military value, Washington and other Nato allies were unwilling to alienate Bonn any more than they had done already. Mr Kohl's conversion to arms control orthodoxy has been achieved only progressively through discreet behind-the-scenes pressure and the exigencies of his own domestic political situation.

Strategic gap

Even now, the principle that third country systems cannot be included in any US-Soviet deal has been respected by Mr Kohl's proposed formula. The Pershing 1As would only be scrapped once the US and Soviet Union had fully implemented their treaty on the abolition of medium-range missiles.

Though the path to an INF agreement and, possibly a Reagan-Gorbachev summit, now appears to have been cleared, the issues raised by the German missiles affair have not been solved by any means. Not only Bonn, but Paris and London, have been made acutely aware of the strategic gap in Europe's defences which will be left by the abolition of ground-launched Cruise and Pershings. That feeling has been reinforced by the absence of any really significant progress in other disarmament negotiations on strategic nuclear weapons and conventional forces.

The optimistic view is that the improved atmosphere resulting from an INF agreement will facilitate progress in other areas of arms control, but that cannot be taken for granted. Long before other and even more important arms reductions are agreed, the Western alliance, and its European members in particular, will have to decide how it can adapt its defence strategy to the new situation. Ironically, the departure of Cruise and Pershings may cause as many problems as their controversial arrival.

Not quite a third force

BRITAIN'S party conference season—the first since the Conservatives won their third successive victory in a general election—opens with the Social Democrats in Portsmouth this weekend. But in a sense the SDP conference has already taken place: the majority of the party membership has voted for a merger with the Liberals and it is unlikely that the decision will be revrsed.

We have argued before that the ballot on the merger was premature. It came too soon after a general election in which the Alliance did not do as well as it had hoped, but polled around 23 per cent of the vote, while the Labour Party claimed just over 30 per cent—a depressing performance for the country's official opposition, supposed to have been given a new look under the leadership of Mr Neil Kinnock. A pause for analysis would have been the wiser course.

Still, the ballot was held and it is becoming increasingly futile to argue with the result. An SDP rump may remain, and in Dr David Owen will have a telling spokesman. But the broader reality is that if there is to be a third force in British politics, it is more likely to be the new party than the Owenites. Since even the term "third force" is subject to question under the British electoral system, the room for a fourth must be strictly limited.

Lib-Lab pact

The Liberals alone were a third force for many years, yet although they often had influence, they very rarely had power. Their successes came in by-elections and occasionally in opinion polls. The closest they came to having a say in policy-making was the offer of a coalition from Mr Edward Heath after the general election of February 1974 and the Lib-Lab pact when the Labour Government lacked an overall majority later in the decade.

The formation of the Social Democratic Party and subsequently of the Alliance was meant to change all that. It should be remembered that the Alliance did not set out to be a third force or simply the Liberals writ larger. The aim was to be the second and eventually the first force, just as the Labour Party eventually supplanted the Liberals in the first half of the century.

None of that has come to pass. The Conservative Party today is much more united than it was when the SDP was founded and some senior ministers feared Tory defections to the new grouping. The Labour Party, if it has not recovered its old ground, at least seems to have arrested its decline.

It is in itself a tribute to the SDP and the Alliance that these changes in the two big parties have occurred. Without an effective third force, there might have been an even greater polarisation between the two major parties. But that, of course, is small consolation to those who wanted something more: for example, to overtake the Labour Party and become a radical, non-socialist opposition to the Tories.

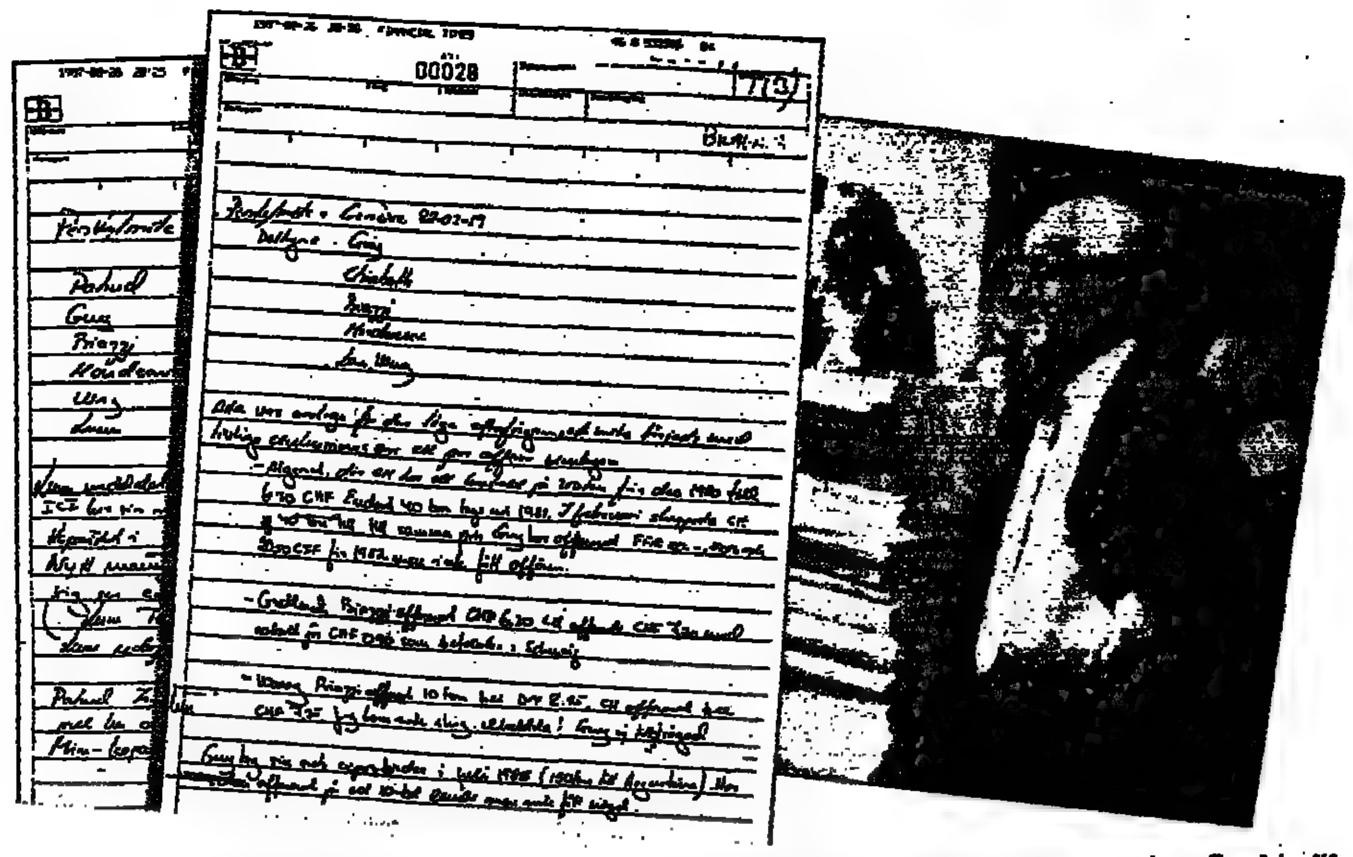
Little comfort

The third force is now regrouping. It will be a bit bigger than the Liberals who themselves advanced by a kind of three steps forward, two steps back movement over the years. No one should sneer at a grouping that wins 23 per cent of the vote in a general election. The trouble is, however, that what the Liberals and some of the psephologists like to call a three party system is really a two-and-a-half party system. Unless the new party can find a solid and sustainable basis of support, it is likely to play the old Liberal role of providing excitements between general elections and flopping on the night.

The electoral system could, perhaps should, be changed. But that is not on the cards in the lifetime of this Parliament and there is a case for saying that the two-and-a-half approach is thoroughly helpful in that it keeps the two big parties away from extremism. That will not be of much comfort to Lord Jenkins, Mr David Steel and their supporters, yet at least by now they should know what they are up against. As for Dr Owen, he should recognise that two-and-a-half is better than two and two bits. All big parties are by their nature coalitions. Dr Owen is standing out for a perfectionism that is unattainable.

For nearly three years Swedish Customs officers have investigated the suspected smuggling of arms and explosives. They have also shed light on the commercial links between European military explosives producers to fix prices and share orders

'Leave Greece to the others'



Notes from a 1982 meeting of the PETN club in Geneva: Representatives of four companies are discussing prices offered in different markets. This is the type of evidence assembled by Stig Age (right), the Swedish public prosecutor responsible for the Bofors explosives smuggling case

THE SWEDISH Customs investigation into smuggling by the Nobel Industries Group and its subsidiary, Bofors, which has uncovered startling evidence of far-reaching cartel actiivties in the European military explosives industry, began modestly enough with an inquiry from the West German Customs in October 1984.

German suspicions were aroused, when on two occasions railway wagons from Bofors, ostensibly bound for Austria, actually spent only 1-2 days parked on the Austrian side of the border near Passau. They were loaded with 80,000 kg of the explosive PETN, used in detonating and priming compositions, as a base charge in anti-aircraft shells, and mixed with TNT, in mines, bombs and torpedoes.

Following the brief halt at the Austrian border, the wagons went to a small port near Hamburg and the explosives were loaded on to ships bound for Syria—an end-user country forbidden under the terms of Sweden's sweeping arms export regulations.

After two and a half years of painstaking investigations—including 29 raids on the offices of Bofors Nobelkrut, the company's explosives division, and the offices of Scandinavian Commodity, an arms dealer in southern Sweden—the customs investigators uncovered a tangled trail of suspected explosives smuggling, most often with Iran as final buyer.

The investigation culminated at the end of May with the indictment for gross smuggling of Mr Mats Lundberg, former marketing director of Nobel Kemi, which includes the Nobelkrut explosives division. Also indicated was Mr Karl-Erik Schmitz, owner of Scandinavian Commodity, who has admitted being intimately involved in supplying arms and explosives to Iran.

The Bofors papers seized by Swedish Customs have disclosed much more than the suspected smuggling, however. They reveal intimate commercial links forged by the Swedish explosives producer with its ostensible competitors in Western Europe.

Key sections of the 6,000-page investigation were passed to the Swedish competition authorities, NO (Naringsfrihetsombudsman) earlier this summer and triggered an immediate cartel probe into Bofors.

NO's initial report, contained in an internal memorandum, says that the Customs inquiry indicates that Nobelkrut, represented by its sister company Bofors, was "a member of three international explosives cartels." The cartels are described by Bofors as "clubs," says the NO memorandum.

It says "the suppliers which are members in one or more of the clubs are: Nobelkrut (Bofors), Société Nationale des Poudres et Explosifs (SNPE), a state-owned French company, Dyno Industrier of Norway, Dinamite, an Italian explosives company based in Udine, Nobel Explosives NEC, a unit of ICI, PRB, the fully owned defence subsidiary of Gechem, Belgium's third largest chemicals producer, and Société Suisse des Explosifs (SSE), a private Swiss company.

The cartels are described by Bofors as clubs, says the memorandum

The NO report says the three clubs operated in propellant powders, pentyl PETN (an explosive), and nitrocellulose (civil explosives). The seized Bofors documents cover the activities of the first two "clubs" and refer to meetings which took place in 1981-85.

According to Mr Lundberg's official testimony, parts of which are included in the NO report, the main club was the one organised for propellant powders. Working under the initials EASSP, the European Association for Study of Safety Problems in Production and Use of Propellant Powders, it is an officially registered trade association in Brussels.

The NO memorandum says the purpose of the associations is "the exchange of information about accidents and the discussion of safety questions concerning, for example, the transport of explosive goods."

The NO report then quotes directly from Mr Lundberg's testimony: "In addition it happens that outside the official proceedings there is a group that meets for commercial interest. Then of course it is unavoidable that we swap business chat between us."

The NO memorandum says an examination of the Bofors reports shows evidence of a series of consultations and decisions which indicate that the clubs worked like cartels. "The suppliers involved take joint decisions on price-fixing and market-sharing." The seized Bofors papers, the NO memorandum says, show the members dividing up orders received by club members.

Several of the named companies declined to comment on the allegations. Mr Hans Bjoentegaard, chief executive of Dyno, said his company had been called to a meeting with the Norwegian competition authorities, but added: "Dyno is not a member of any pentyl (PETN) club. I am not aware that there is such a club."

A spokesman for PRB denied knowledge of a cartel agreement on fixing prices or dividing market sectors, while Mr René Pahud, manager of SSE, said there were regular contacts between producers within organisations such as CEFIC, the Brussels-based Council of European Chemical Associations.

The companies met unofficially to discuss "certain problems," he said, and there was an exchange of technical information, but he declined to make any comment on the mention of SSE in the Stockholm statements.

ICI's chief press officer, Mr Derek Dewey-Leader, said: "We cannot comment on these documents which we have not seen. All we can do is reinforce ICI's position on such matters, which has been made clear to company employees on several occasions. That policy is that they should not be involved in any activity of this kind."

Last year ICI was one of a group of international chemicals companies that were fined a total of £35m by the European Commission for running a price-fixing cartel in polypropylene. It said then that it had issued a new code of conduct to all relevant employees in 1984, when the commission's investigations began, reaffirming its requirement that its business be conducted in full compliance with all competition laws.

The NO report includes key sections of the usually handwritten meeting notes made by the Bofors executives. The first describes a meeting with Mr Guy Chevallier, of SNPE, in Paris on November 13, 1981:

"Guy apologised very much about the DIEHL business, and said this was just an accident. He offered to share, but I declined and said we had this in our favour and that the main thing in this case was not who got the order but that we made sure the price level was raised."

The Bofors document then makes clear how prices could be raised through using high cover tenders to make another apparently lower offer appear attractive.

"A tender inquiry for 200 tons PETN to Bulgaria. Guy could not give the price level. I indicated that we saw a possibility to offer a high price in return for taking part and sharing."

A Bofors report on a meeting of the pentyl club, in Geneva on March 19, 1982 includes details of prices offered by various of the producers in different markets. It then concludes by listing the decisions taken:

1—Next meeting will report on: contracted work on hand for 1982; expected work for 1982

2—The group will decide who will get new orders on the basis of these figures

3—All inquiries more than 10 tons will be a subject for consultations.

● Next meeting 25/5 (arrival 24/5) in Nice."

At the Nice meeting discussions take place on dividing up certain markets. The seized Bofors report includes:

"Future: Bofors. We want East Europe, incl Yugoslavia. We will leave Greece and Portugal to the others.

Biazzi (Dinamite): Italy most important, wants exclusive rights there, refrains from exports totally.

SNPE: France alone has had 15/200 tone exports per year and needs this in future. If he gets Argentina he is satisfied."

The Bofors report concludes: "Decisions: East Europe for Bofors. SNPE leaves Italy and Greece and leaves Camelo in Portugal. Guy wants Argentina. If he gets it he can give it partly to us others. Leaves East Europe, Morocco and Algeria Bofors gets only Scandinavia and East Europe and part of Italy. Biazzi refrains from all exports."

The Swiss producer is said to be not in France, East Europe and Scandinavia, but in Peru, Greece, Portugal, Mexico and Algeria.

Another report deals with a meeting in Copenhagen on October 11, 1984 at which export prices are decided for certain products within and outside Europe. The Bofors paper says:

'Companies don't tend to be so stupid as to write it all down'

"Export prices maintained, ie SwFr 7.25, Europe, SwFr 6.65 outside Europe. Market sharing arrangements maintained without alteration."

At a meeting of the EASSP club in Oslo on October 6, 1983 decisions are taken on target prices for certain products. The Bofors paper includes the following paragraphs:

"Prices: Comp B: Dyno sold 16 tons to FFV for DM 15.75 exworks. We reported 60 tons for DM 15.75 (did not mention Italy). DM 16 is kept as target price.

"RDX: Target price DM 29. SNPE sold 5 tons 95/3 to Egypt for FFr 82 (DM 27.30). Market in Egypt is estimated to be 400 tons which is covered by Romania and Yugoslavia. We reported that the Romanians' price is a bit over US$10. Bofors sold smaller quantities at SKr 98 and SKr 105.

The NO memorandum says that at each meeting a rundown is given on each member company's situation regarding, for example, capacity utilisation, order books, future plans and need for orders.

From the Bofors papers there are two illustrations that NEC, the ICI subsidiary, was being force dto withdraw from the cartels on the direct order of Sir John Harvey-Jones, former ICI chairman.

The Bofors report on a club meeting from February 10, 1984 says: "On instruction of the md for ICI, Harvey-Jones, ICI officials are not allowed to take part in the meeting that has just been held. If they are caught they will get the sack."

For the following club meeting on June 5, 1984, the Bofors report notes: "Harvey-Jones forbids further participation

Ms Eva Petzell, head of section at NO, the Swedish cartel authority, says the information uncovered by the Customs investigators on the workings of the "clubs" is "unique material."

"It is often maintained that there are international cartels in different sectors, but normally there are no papers to prove it. We have never seen such clear proof before, companies don't tend to be so stupid that they write it all down."

However, while national cartel authorities in member states are free to pursue the matter, a European Community official says that explosives and propellant powder manufacturers would be exempt from EC rules outlawing cartels, so long as their agreements were confined to military trade.

Kevin Done

Additional research by Will Dawkins in Brussels, John Wicks in Zurich, George Graham in Paris and John Wyles in Rome.

Men and Matters

Wellbeing in Wales

Yesterday's announcement in Cardiff of the setting up of the Institute of Welsh Affairs—a sort of gathering of the principality's great and the good—had to be rushed forward from its original launch date next month because news of it leaked.

(The Welsh capital is getting something of a bad reputation for keeping secrets. Only a couple of weeks ago, Cardiff Bay's plans for the appointment of a chief executive got into the papers, to the chagrin of all concerned.)

Henry Kroch, one-time chairman of the successful high-tech concern AB Electronics, who heads the new organisation, denied the body would be a pressure group or a Celtic think-tank. "Think-tanks sometimes get things done and sometimes they don't," he carefully told a questioner. He also denied it was a Welsh version of England's putative National Forum. The Scottish Council (Development and Industry) was a better model.

So is it powerhouse or talking shop? "It's a gathering of people prominent in their own fields who share a real concern for Wales and her future. Its objective is to promote the prosperity and wellbeing of Wales."

Its first task will be to study how to regenerate the industrial valleys, a project the Government itself is working on. But "we are not going to reinvent the wheel by repetition," he assured his listeners.

Who are the powerhouse people then? Sitting alongside Kroch on the platform were iron and steel union leader John Foley, the CBI's local man, Ian Kelsall, Idwal Symonds, chairman of HTV (Wales), Sir Donald Walters, number two at the Welsh Development Agency, and a prominent local lawyer, Keith James of Phillips and Buck.

Waiting in the wings are others like Roger Mansfield, director of the Cardiff Business School, and David Jenkins, secretary of the Welsh TUC. All will be revealed next month.

Odds and ends

Punters at today's horse racing and greyhound meetings will also be able to place tax-free on anything from whether there bets on anything from whether there will be a white Christmas to whether the Loch Ness monster will be found, thanks to a Customs and Excise ruling.

The 4 per cent tax on bets placed at racecourses was lifted in this year's Finance Act but the Excise claimed that this concession applied only to "sporting events." This week, following legal advice, it backed down and said that all on-course bets would be free of the tax.

The ruling will not bleed the Exchequer dry. Betting tax collected at race meetings in 1985-86 amounted to £25m. Only a tiny proportion of this was related to activities other than horse or greyhound racing, say bookmakers Ladbroke and William Hill.

Tax collected through betting shops, on the other hand, where bets are subject to an 8 per cent levy—although most bookmakers charge 10 per cent—came to nearly £300m.

Nevertheless, the bookmakers are heralding the ruling as a victory of principle. "If it makes it easier for our punters to place bets, we welcome it," says William Hill.

Incidentally, the odds against a white Christmas are currently quoted by William Hill at 10-1.

Timewatch

If you suffer badly from jet-lag, try ignoring the time change on your next business trip and stick doggedly to your normal hours.

This blinkered approach is recommended by Timothy Monk of the "sleep evaluation center" at the University of Pittsburgh School of Medicine.

Writing in the second issue of Work and Stress, a new journal published by Taylor & Francis, Monk says: "If one makes this choice, then obviously one keeps one's watch on the old time, tries to remain indoors as much as possible and sticks rigidly to the home routine."

Drastic stuff and, as the author admits, not exactly practical if your business contacts are understandably reluctant to turn out for a working lunch at 1 pm your time, 7 am theirs.

Alternatively, he suggests minimising the effects of jet-lag by arranging your itinerary with respect to both destination and home base time zones, thus avoiding crucial decisions at times when your body thinks it should be doing something else.

"Examples of particular activities to avoid are driving in the early hours of the morning home base time (since vigilance and concentration will then be most impaired) and difficult and complex problem-solving in the mid to late evening home base time (since that represents the low ebb of short-term memory and verbal reasoning abilities)."

More prosaically, Monk reckons the jet-lag sufferer should always take two things to bed: a non-chocolate midnight snack and a good set of ear-plugs.

Flight of fancy

My story about the heron and the goldfish pond prompted a reader to recall his adventures when he stocked a large pond in his property with trout.

All went well until a local heron discovered this new source of a good meal. Seeking a deterrent, this reader was also assured that there was nothing better than one of the plastic models of the bird being sold at the local garden centre.

He snapped up the last remaining specimen for £14.95, hurried home, placed the model ankle-deep at the edge of the pond, and turned to other tasks. A few minutes later he was summoned by his wife to observe a real heron, which had alighted beside the model and appeared to be getting very amorous. The bird took off as soon as anyone approached, but returned for further visits.

It was apparent that far from deterring others, the plastic heron was acting as a decoy much as the plastic ducks used by wildfowlers to attract real ones. My reader returned his plastic heron to the garden centre, was refunded his £14.95, and is still seeking protection for his trout.

Observer

La Generale runs into the raiders

Tim Dickson looks at a Belgian institution under pressure

A CLASSIC "silly season" story—or the curtain raiser to a dazzling Stock Market coup? Recent speculation as to the identity of the mystery buyer of shares in Societe Generale de Belgique, Belgium's largest commercial and industrial holding company, is in some respects little different to the buzz surrounding any large company deemed vulnerable to a hostile takeover bid.

But the intense and distinctly unseasonal excitement of the Brussels Bourse over the past few weeks—record turnover in this "bellwether" stock and a 15 to 20 per cent jump in the share price—has excited the previously unthinkable possibility that a company variously described as a national institution, and Belgium's "alternative Government," could fall prey to a foreign predator.

It has also turned the spotlight on Viscount Etienne Davignon, a man who, as industry Commissioner and architect of Europe's famous steel restructuring plan, was once the European Community's closest equivalent to a household name.

Now 54 years old, Davignon joined the board of "La Generale" in late 1984. Right from the start, outsiders assumed that his wide experience and international reputation would make him the ideal choice to succeed the present Governor Rene Lamy when the latter steps down.

Not the least fascinating element in the current drama is how the prbane and instinctively open, if sometimes haughty "Stevie" (as he likes to be known) has settled in at a group whose name in Belgium is a byword for discretion. He has certainly performed a key role in developing La Generale's international operations, not least in the field of high technology. But until the recent crisis when his pronouncements have been increasingly prominent, his style has often been uncharacteristically coy

Silly or not—and we are unlikely to know at least until an extraordinary general meeting on September 8—the recent "raid" has also raised wider questions of management style. It has highlighted the predicament of a company which like many in Europe is a very big fish at home—but has been struggling to survive and prosper in the stormier waters of the global market place.

Mere statistics—a stock market capitalisation of around BFr 100bn (£1.6bn) and 1986 profits of just over BFr 5.31bn—do not adequately reflect the significance to the local economy or the place in the Belgian political firmament of Societe Generale de Belgique. It is not just that the company started life as the nation's central bank 165 years ago with the King as sole shareholder, or that it remains housed in elegant headquarters between the Royal Palace an dthe Houses of Parliament on the Parc de Bruxelles. The fact is that thanks to individual shareholders' obsession with secrecy and the traditional system of bearer shares which enables them to hide their identity, Societe Generale exercises the sort of influence through small minority stakes which would only be possible in the UK or the US if full majority control—ie 50 per cent of the shares—were acquired.

All in all Societe Generale's spider1like web of connections extends to 1,267 Belgian and overseas companies taking in everything from financial services, electronics and chemicals to diamonds, cement and non-ferrous metals.

Among the questions posed by the extraordinary events of the last few weeks is whether the erorganisation since 1981 of the company's giant portfolio into 10 clear sectors, its new emphasis on growth areas like financial services andtelecommunications, and its avowed international orientation is proceeding quickly enough or indeed is moving in the right direction.

The possibility that somebody else might want to take over the task, or at least have a major say in the company's management, was first raised in mid-June when Denis Vandeerborght one of Brussel's tiniest and least known stockbroking firms, began to acquire large numbers of shares on behalf of a still unknown client (or clients). Rumour mongers have since had a field day, with Hanson Trust, Sir James Goldsimth, Carlo De Benedetti, and Nomura Securities of Japan among the more and less credible names which have been tossed into the air.

Such speculation has not been widely appreciated inside Societe Generale's imposing headquarters, especially since the company remains ignorant of the buyer and his intentions, and under Belgian law cannot force him to reveal his identity or the size of his stake. Nor have the directors taken kindly to suggestions that recent "friendly" discussions with the Japanese Sumitomo Corporation and Compagnie Generale d'Electricite (CGE), with a view to both taking stakes in the Belgian group, plus a proposal at the forthcoming meeting to increase the authorised capital by 60 per cent without offering existing shareholders preferential rights, are transparent defensive manoeuvres, designed to deter an unwelcome raider.

"This is all quite consistent with the objectives which we set for ourselves well before these stories came out," explained Davignon in a recent interview. He pointed out that the potential financial partners were companies with whom collaboration agreements already exist—Societe Generale itself has a stake of around 2.5 per cent in CGE and other links with the French company, notably through the telecommunications group Alcatel—and that the stakes envisaged would be relatively modest.

Davignon added: "The discussions have been in line with our declared policy of seeking stable long-term international shareholders in the same way that we are seeking to diversify our business activities internationally. It is the notion of a network of people who do things together and I don't think you can say that we have been proved wrong."

Most observers in Brussels accept that while Davignon may have arrived five years later than would have been ideal, the best hope for the company's future lies in the combination of his aristocratic background (an essential qualification for dealing with the powerful Belgian families which control the business) and his proven international contacts (evident, for example, in the Sumitomo deal). The current problems, however, are not just confined to the potentially distracting rumours. The challenge remains whether he can ultimately sort out the difficulties at companies like ACEC and the once-thriving Belgian arms manufacturer Fabrique Nationale — and by so doing fully reorientate the group in more exciting and profitable directions.

Although the guessing game continues, the previously hectic trading in Societe Generale's shares has died down and there is a widespread feeling that the main excitement may now be over.

Tempting as a break-up might be for a foreign predator, the chances of breaking up the deep-rooted Belgian bonds which link the various parts of the Societe Generale empire would in practice be limited. "Belgium is a small country where constraints and management cannot be as flexible as in the US. I accept that the European rhythm is not yet the US rhythm, but it may be that that is beyond what is reasonable," observes Davignon, indicating clearly that a bid for Societe Generale would fall into this category.

Davignon firmly denies that the recent buying was inspired in any way by the company itself, but there is a lingering suspicion in the financial community that friends of the group may have started an operation to support the share price, which subsequently got out of control. Alternatively, Japanese or American investors could have been jumping in ahead of next year's new placing of shares in the Tokyo market, an event which is expected to widen interest in the group.

Notwithstanding next month's meeting — at which a raider might be expected to declare his hand — the answer may continue to elude long after the silly season has passed.

Scotland is preparing for the poll tax. **James Buxton** reports.

Collectors cornered

THERE IS a captivating painting in the National Gallery of Scotland called Distraining for the Rent (right), by the early 19th-century artist Sir David Wilkie. It shows a bailiff and his two assistants preparing to seize the household effects of a tenant who has defaulted on his rent. The tenant and his numerous family are in despair, but the bailiff is sternly unyielding.

If he were alive today Wilkie would probably have been signed up to provide lurid images for the Scottish local authorities in their campaign against the community charge. The government's new flat-rate charge on residents replaces rates at a stroke in Scotland in 1989, having been approved by Parliament just before the June general election.

But, as Mr Charles Grey, the Labour leader of Strathclyde Regional Council, Scotland's biggest local authority, says, "We are fighting a desperate rearguard action in the hope that the government will finally see sense." For the past year members of the Convention of Scottish Local Authorities, a Labour-dominated body, have refused to have any discussions with the Scottish Office on how the poll tax—the only name for the community charge which Mr Grey will tolerate—will be implemented.

In Glasgow's Italianate City Chambers Mr William English, the director of finance for the district council, gloomily contemplates the impending destruction of his neat system for collecting rates. In Scotland (unlike England) the upper tier authorities — the regional councils — are responsible for collecting rates. Strathclyde issues individual rate demands to Glasgow's owner-occupiers, and sends one single rate demand to the district council to cover the city's 165,000 council tenants — who represent no less than two-thirds of all households in the city. The district council, which collects rent and rates from its tenants in a single payment, transfers the rates to the regional council.

All that will end when the community charge comes in. First, Strathclyde regional council will have to compile and keep up to date a computerised register of everybody over 18 throughout the region, with its population of 2.3m. A draft register will be put together by using the existing valuation roll and the electoral register.

Then it will issue enquiry forms to households by post and send out canvassers to make door-to-door visits. It will be a much more detailed operation than the relatively relaxed process of compiling the electoral roll. The community charge registration officer will be able to cross-check with other official records—but not social workers' reports or police records.

Some Labour politicians believe people will deliberately keep their names off the electoral roll—and thus give up their right to vote—to escape the community charge. But the Government says this would be pointless as the electoral roll will be only one of several sources

Maintaining the register, says Mr English, "is all right where people don't move much. But we find that the electoral roll is only 93 per cent accurate here when it is published, and on top of that about 25 per cent of the population of Glasgow moves once a year.

The problems for Mr English's finance department begin when the charge has to be collected from the tenants—the regional council will deal with the owner occupiers. A completely separate system from the rent collection operation will be required since more than half the poll tax payers are different people from the tenants. "We have some tenants under 18, who pay rent but will not be eligible for the community charge," he explains, while there will be at least 140,000 people aged over 18 who live with them who will be expected to pay the poll tax.

"At the moment a lot of tenants pay us some money when they are flush. We divide that up between rent and rates. But that wouldn't work for the poll tax. How would we decide if the money's for the tenant's poll tax, or his wife's poll tax, or his 18-year-old son's?"

Many of the sums to be collected will be very small. Glasgow's council tenants are poor: 72 per cent of them obtain a rebate of some kind on their rent and rates, and half pay no rent or rates at all. The law requires that even the poorest pay 20 per cent of the community charge projected at £294—which in Glasgow would work out at a little over £1 a week.

Taxpayer's lament: Glasgow thinks 20 per cent of the poll tax will go uncollected.

The tenant would hope to recover this from social security, though the mechanism for this has still to be worked out

Glasgow district expects that only 80 per cent of the community charge can be collected in the city. That assumption is untested, and the Government, as well as some Scottish local government officials, consider it far too pessimistic. Mr English believes that if there is widespread non-payment there will be a backlash from "the unlucky upright citizen who pays and then finds the community charge going up because of the people who don't

Mr Pat Lally, the Labour leader of the council, says: "Tax avoidance is socially acceptable but I don't think avoiding the poll tax will be because its consequences will directly affect others in the same place." That, he says, could mean that canvassing turned into snooping and councils might be pressed to offer bounties to people who report poll tax evaders. "It's the social antagonisms between the payers and the non-payers that I'm afraid of," he says.

Scottish Office ministers are increasingly irritated at this stream of negative comments from local authorities, since they believe they won the argument when the community charge was passed by parliament. The Government has never denied that the community charge will be more complicated and expensive to operate than the "discredited" domestic rating system.

Its own figures suggest that collecting the community charge in Scotland will cost about double that of levying rates — an additional £17m to £22m on top of the present £20m. Strathclyde, which covers almost half the population of Scotland, has estimated that it will need 370 extra staff to operate the system plus almost 100 canvassers. It puts the capital cost of setting up the system at £5m, and annual running costs at £8.6m.

Yesterday the Scottish Office issued a Commencement Order under which councils must start preparing to implement the community charge from September 14. The local authorities have indicated that they do not intend to break the law by doing nothing.

Letters to the Editor

Constantly variable

From the Chairman, Society of Business Economists

Sir, — Professor Simpson's article (August 20) on a mission for economists came to some of the right conclusions but ignored much relevant evidence about the profession. It is misleading to say that it is "composed largely of academics and civil servants enjoying life-long job security." As business economists (with over 600 members), we have a clear mission to analyse, forecast and advise wherever the economy and our employing organisations interact.

Prof Simpson is, of course, correct when he refers to the importance of understanding human behaviour which distinguishes the study of economics from the natural sciences. While individual behaviour in the economic context is sufficiently similar to enable many useful forecasts to be made, the learning and adaptive element means that such forecasts always contain an element of uncertainty. Good professional practice by business economists is to present forecasts with confidence limits and probabilities, not single points, and to describe the impact of sensitivity and risk analysis on the forecasts. Even the Treasury's macro-economic modellers, sharply criticised by the Professor, now publish the range of error in their past forecasts.

Nevertheless, something has gone wrong in the world of economics for articles like Professor Simpson's to be written and published in the serious Press. I believe that the reasons lie in mistakes made on both the supply and demand sides of the *market for economists'* services.

When this society was founded (1953) only one year's detailed national accounts for the UK had been published, while a computer was still a scientific device full of hot valves and about the size of a house. Complex econometric modelling was impossible then, whereas today, with a wealth of data and easy access to cheap and powerful computers, it is relatively easy. As a new, "high technology" activity it has attracted many excellent people, not all of whom have had a solid grounding in economics as study of human *behaviour. (Regrettably* it now appears quite common for schools to encourage good pupils in the natural sciences, especially mathematics and physics, to think of taking up economics as a similar discipline, instead of pointing out its close relationship to behavioural subjects like history). It is my view that too much emphasis has thus been placed on econometric modelling. Since modelling is based on past data, it has not worked well when fundamental changes within the economy have been occurring, as has been the case ever since the first oil crisis in 1973. The constants in the modellers' equations have proved as variable as the variables!

On the demand side there has been *substantial funding,* both public and private for that part of economics which appeared to use the latest technology and was thus thought to offer more accuracy and certainty. Competition for funds by forecasting institutions and for recognition by analysts in the securities markets has aggravated this situation. Media interest is much greater when different forecasts can be quoted to make a story and league tables published. The detailed qualifications and explanations in the texts supporting the forecasts are largely ignored.

I would certainly agree with *Professor Simpson's* call for the centrality of human behaviour in economics to be emphasised in the world at large, as it always has been in the more private world of the business economist. Since you, Sir, have now started the process by publishing the Professor's article can we expect you to continue to restore the balance by giving more weight to economic analysis and less to the simplification of the results of econometric modelling?

David Kingston,
11 Bay Tree Walk,
Watford, Herts.

Achievements in Manchester

From Mr R. Turner

Sir,—Mr A. Lucking (August 25) suggests a third runway at Heathrow as the solution to the air traffic congestion problems of the south-east. He also quotes a report by the air traffic users committee that traffic flows in the regions are too small to support direct services.

Why then is Manchester Europe's fastest-growing airport at the present time, currently breaking all records and introducing new services to all points around the globe, despite restrictions imposed by Government which, if lifted, would see greater passenger growth?

In the past two years, new direct scheduled services have opened up from Manchester to the Middle East, Chicago, Israel, Singapore and Moscow, as well as numerous new destinations around Western Europe.

Your correspondent also suggests that Qantas rerouted its flights from Manchester to Australia through Heathrow because of lack of support. If this is the case, why did the airline increase its schedules from two to three per week? Indeed, why does it bother flying to Manchester at all? I would suggest for the same reason it continues its journey from Sydney to Melbourne on arrival down under.

Give Manchester its just rewards for its record-breaking achievements, and if we are ever to see an end to the north/south divide, those concerned must remove their blinkers and recognise the fact that not everyone wants to get caught up in London's air traffic bottleneck, as long as they don't have to.

R. S. Turner.
81, Darlington Rd, Hartburn,
Stockton on Tees, Cleveland.

NZ butter in Britain

From Mr I. Robinson

Sir,—Mr Anthony Rosen urges us (August 25) to "inject" "non-emotional financial sense" into the debate about New Zealand butter "and allow everyone concerned with this fiasco to save (taxpayers') money." If the saving of taxpayers' money is to be the decisive factor should not we bear in mind that, if a free market operated, no taxpayers' money would be spent at all? In those circumstances, it is conceivable that New Zealand butter could compete successfully with other butter. Imports of New Zealand butter into this country are a casualty of subsidy, not, except in the most marginal and accidental way, a beneficiary. But if butter is to be subsidised, as Mr Rosen seems to assume, and if we therefore remove the argument back into an area where emotional content may be allowed, it is possible to believe that the farmers of New Zealand are more deserving of subsidy than those beneficiaries of our new corn laws, the farmers of France, Germany and Ireland.

Ian Robinson,
Brynmill Press,
Cross Hill Cottage,
Gringley-on-the-Hill,
Doncaster, Yorks.

A strategy for electricity

From Mr S. Steward

Sir,—I am afraid that a protracted engagement at Lords has delayed my comment on the letters (August 18) on electricity.

The article which John Lyons quotes was written in 1984 to point out the difficulties and dangers of privatising electricity supply. It suggested that it would be preferable to restructure the industry by inserting commercial disciplines into its operations and exposing the CEGB to competition. I said "Control of the main transmission network would leave the CEGB in a dominant position."

This is still my view but the Government was elected with a mandate to privatise and it is now important to ensure that competition is introduced. John Lyons desires a single generating unit whereas I prefer two or more to create competition but the key to the situation is ownership and control of the "grid" which, if competition is to be effective, must be separated from generation.

If there is one thing worse than a public monopoly it is a private monopoly.

Stanley Steward.
41 Fairacres,
Roehampton Lane, SW15

Tighter gun controls

From the Secretary, National Small-Bore Rifle Association

Sir,—From your editorial (August 26) I deduce that I am a representative of a legitimate shooting interest and may be regarded, euphemistically, as part of the gun lobby.

But it would add credibility to your editorial comment if your remarks were based on reality and reason. If there is a legitimate interest in the use of small-bore rifles in sporting events such as target-shooting, why do you qualify the use of pistols with the word "perhaps"? What evidence do you have that the members of this association proudly display their weapons in the home and from that statement draw an unwarranted conclusion?

Do you know that about a quarter of the clubs affiliated to this association do not possess a clubhouse, let alone a club strongroom? Do you know that up to another half of the clubs have clubhouses in remote sites which no reasonable level of precaution could make secure for the storage of firearms and ammunition? Do you know that it is already standard practice for police firearm officials to check with club secretaries on the length and nature of membership of an applicant for a firearms certificate.

These, Sir, are some of the facts that we shall seek to present to the Home Secretary before any decision is reached to introduce tighter gun controls to the detriment of the responsible, shooting fraternity which I represent and which shares the nation's horror at the tragedy of Hungerford.

D. King.
Lord Roberts House,
Bisley Camp, Brookwood,
Woking, Surrey.

FINANCIAL TIMES

Friday August 28 1987

Stewart Fleming in Wyoming reports on the future of US financial services industry

Commerce not made welcome at the bank

WHEN Mr Paul Volcker stepped down as chairman of the Federal Reserve Board earlier this month he retired with a victory which he may come to value as much as any he won in his years of public service.

In the banking reform bill, which President Ronald Reagan reluctantly signed at the beginning of the month, was a provision Mr Volcker fought for and which could have a major influence in shaping the future of the American financial services industry along lines he favours.

The law imposes a total ban on so-called "non-bank banks" - unregulated bank-like companies. In doing so, Federal Reserve officals say it places a barrier between the merger of banking and commerce, a trend which has been accelerating in recent years as firms outside the banking business have moved into it by exploiting legal loopholes.

But by banning "non-bank banks" and imposing a moratorium until March next year on moves by bank regulators to sidestep Congress and implement the sort of restructing of the US financial system which is taking place in London, Tokyo and in Canada, Congress has also baulked once again at addressing the complex issue of how to reform an American financial system which all agree badly needs to be remodelled.

Mr Volcker, who also argued in favour of major reform of the US financial system, nevertheless fought tenaciously against the trend towards increasing ownership of unregulated bank-like companies by commercial entities such as retailer Sears and Roebuck.

Opposed to him were ardent deregulators in the Reagan Administration and companies such as Citcorp, the New York bank, which believed that bank profitability could be enhanced, the economy strengthened and consumer welfare improved by removing restraints on the freedom of banks to diversify into non-financial businesses or commercial enterprises to buy banks.

Along with Mr Alan Greenspan, the new Fed chairman, they believe that provided a suitable regulatory "firewall" can be constructed to protect the bank and its depositors from being exploited, there is no reason to prevent any sort of business from owning a bank, whether a fast food chain, such as MacDonalds, or a car manufacturer, such as Ford.

Mr Volcker is not alone in his conviction, shared for example by Dr Henry Kaufman, the Salomon Brothers economist, that banks, because of the key role they play in the economy and because of their responsibility to those who entrust hundreds of billions of dollars to their safekeeping, are "special" institutions whose activities must be carefully regulated.

Critics of radical deregulation are deeply sceptical, moreover, of the claim that suitable regulations can be drawn up to insulate a bank which is part of a larger group from, for example, either being exploited by commercial owners or from a damaging erosion of confidence should the commercial owner run into financial difficulties.

The vote in Congress to ban "non-bank banks" is not seen, however, as a vote which reflects the strength of feeling on Capitol Hill on the issue of principle, the mixing of commercial and banking business. Rather, it is seen to reflect the strength of the most powerful competing interest groups in the financial services industry, the big and small banks, the securities firms, the insurance brokers and real estate agents, each of which is blocking the other from shaping the restructuring of the financial sector in a way which is most to its advantage.

When Congress revists the issue of passing laws to restructure the financial sector, which could be in a matter of months but is more likely to be several years down the road, it is still possible that it will decide that fears about allowing commercial companies into the banking business are overdrawn.

But judging from the recent vote on Capitol Hill and the interest group pressures it reflected as well as from the thrust of debate among banking experts who attended a conference on restructuring the financial sector organised this month by the Kansas City Federal Reserve Bank, this is unlikely.

Moreover, if it were to happen the evidence suggests it would only be in the context of such a strict regulatory regime and a reform of the deposit insurance laws which would make it much less attractive for commercial and financial firms to merge.

At the conference held in Wyoming last week it was striking that even staunch deregulators such as Mr William Seidman, the chairman of the Federal Deposit Insurance Corporation, and a Citicorp representative, Mr Thomas Huertas, while proposing reforms which would allow commercial and banking firms to belong to the same company, also accepted the need for stricter regulation as part of such a system.

Indeed, Mr Gerald Corrigan, the president of the New York Federal Reserve Bank and a man who believes that banking and commerce should be kept apart, maintained that constructing an effective regulatory "firewall" to protect a bank and its depositors would require such regulatory overkill that it would make owning a bank by a commercial concern an unattractive proposition.

Even Mr Seidman conceded that his own proposal, which would also allow commercial banks unrestricted entry into the investment banking business of securities underwriting, should only be implemented slowly.

The stalemate on Capitol Hill among the interest groups involved in the financial sector suggests, in the judgment of experts such as Mr Carter Golembe, a Washington banking consultant, that Mr Seidman will not be able to put together a coalition of political support strong enough to force through a radical reform of the US financial system.

The Congressional banking committees, moreover, are under the control of Democrats who are sceptical about the creation of large and powerful financial conglomerates, while the influence of the free market ideologues of the Reagan Administration is rapidly waning.

The likelihood is, therefore, that rather than sweeping reforms of the financial sector the US over the next few years will see a continuation of the incremental change - "muddling through" Mr Golembe called it - which has taken place in recent years.

In the judgment of Mr Robert Litan, a Brookings Institution expert this could well mean that the impetus for change will come from the States, not the Federal Government, as has been the case in recent years when the States have taken the lead in breaking down barriers to nationwide branch banking.

Arguably "muddling through" might be the best option, certainly a better one than enacting radical reform in an economy whose currency is vulnerable internationally, whose financial sector is overburdened with bad and poor quality debt and whose financial regulatory system is (like bank regulators worldwide) failing to keep abreast of the rapid globalisation and innovation in world financial market.

As Dr Kaufman maintains, the decisions about how to restructure the US financial system are among the most fateful America will make in the closing years of the century and will help to determine how well the US economy overall performs.

It is hard to disagree with Mr Corrigan, who argues that today the risks associated with radical reforms of the US financial system do not appear to be worth the uncertain rewards. To those who maintain that today American financial firms are falling behind rivals in countries such as Japan, the response should be that, if true, that is in larger part the price of macro-economic policy mismanagement, and that, as a cure, radical financial restructuring may be worse than the disease.

Alan Greenspan (left) and his predecessor Paul Volcker

THE LEX COLUMN

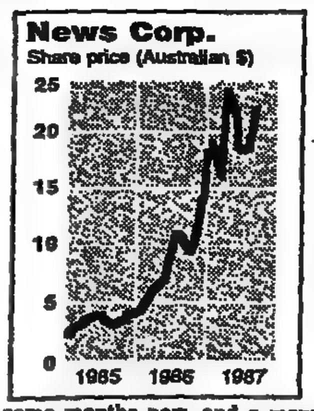
Looking for an encore

The memories of the Wapping dispute may be fading, but the financial implications of Mr Rupert Murdoch's dramatic victory over the Fleet Street print unions continue to underpin the growth of his worldwide media empire.

The UK and Australian ends of the group follow different accounting conventions and the best guide to underlying performance is contained in the parent News Corporation figures which show that a near doubling in the UK contribution accounted for over half of the 50 per cent rise in pre-interest profits to A$847m.

A substantial reduction in UK production costs was the primary reason for the impressive UK performance helped by increased circulation and advertising revenues for most of the UK nationals. The current year will be far less dramatic since the UK operations will have to shoulder heavy losses from the recent acquisition of Today and the impact of Wapping has already flowed through to the bottom line.

Over the last couple of years News Corporation has lifted its net profits before extraordinary items from A$96.1m to A$366m and this has been matched by a share performance which has more than rewarded Mr Murdoch's adventurous backers. The key question now is whether Mr Murdoch can conjure up another quantum leap in the profits of a group which is capitalised at £3bn in the world's stock markets.The acquisition of the South China Morning Post and the Herald & Weekly Times will help, but the most obvious area for growth is the US where the group is working hard to make a success of its expensive bid to create a fourth TV network.The jury is still out regarding the wisdom of this ambitious move and a worldwide interest charge of A$390.5m underlines the continuing financial pressures the group is facing.



Marley

A year ago Marley had to report an extra month's figures at the halfway stage in a desperate effort to convince the sceptics that the newly installed management team was beginning to sort out the group's problems. This time round there was no need for such machinations. Marley's dramatic recovery over the last 18 months has been fully recognised by the City for some months now, and a more than 2¼ times rise in first half pre-tax profits to £25.1m barely caused a blip in the share price.

Marley's balance sheet is in a much better shape and although the group's financial transformation has involved the forced shedding of one of the "crown jewels" - the Payless DIY chain - the three new acquisitions have more than offset the loss, contributing £14m at the pre-interest level in the latest period.

Marley's rejuvenation has been helped by buoyant trading conditions in its major markets, but the group has been reducing its dependence on the new housing market and putting more emphasis on the less cyclical refurbishment market. As a result, its recovery looks to be fairly safe in the face even of a major recession. The 18 per cent rise in the interim dividend, certainly, is witness to a new note of confidence.

Mountleigh/PFPUT

At first sight, Mountleigh's agreed bid for the Pension Fund Property Unit Trust (PFPUT) is a neat coup for Mr Tony Clegg and a corresponding blow to the image of Trafalgar House. But although Mr Clegg may have supplanted SirNigel Broackes as property's man of the moment, the two cases are not identical.

The extra 11 per cent being offered by Mountleigh might be justified for a dealer buying wholesale and selling promptly at a retail mark-up, whereas it seems to have been Trafalgar's intention to hold a good part of the PFPUT portfolio as an investment. The main drawback for Trafalgar's shareholders now - overweight underwriting aside - is what the group has in mind for its freshly raised cash. But the possibilities, after all, range beyond property to housebuilding and international construction.

For Mountleigh, winning the backing of PFPUT's committee brings the powerful advantage of only needing a 50 per cent vote from unitholders to sell off the assets of the trust, whereas Trafalgar needed 75 per cent for formal liquidation. Unless a higher offer appears, it seems unlikely that the institutions who were 45 per cent in favour of Trafalgar will produce a majority against a higher offer. Nor would the buying of PFPUT necessarily hinder Mr Clegg's ambitions for Storehouse, particularly if they were to take the form of a pre-sold deal involving Mountleigh only briefly as principal. Or so the market seemed to think yesterday, marking Storehouse down by only 11p to 393p.

Ladbroke

The market had been primed to expect good things from Ladbroke's interims, and the 81 per cent rise in pre-tax profits - and 40 per cent in earnings per share - left the shares unmoved at 444p. There were special factors, certainly - some £5m from full inclusion of Texas Homecare, and a move to a better seasonal balance with the sale of Lasky's. But trading has plainly been strong, with better margins from betting, higher room rates in hotels and a rapid store-building programme at Texas.

With talk of a bid for Hilton in the offing, the market is a touch cautious - perhaps unnecessarily so. Ladbroke does not have a spendthrift record, and is already experienced in the international hotel business. Nor does there seem to be an immediate risk of a further cash call, since the group is ungeared - an anomaly for a property-rich company with positive cash flow from betting and retail.

For the full year, profits look headed for £155m, giving a prospective multiple of a little over 15. For a company of this size and growth record, better might be expected. But though the whiff of scandal from the old casino days may only be a memory, it can always be reactivated by scuttlebutt on the betting front. This may be grossly unfair to the company's spread of business, but from the viewpoint of the respectable fund manager it is probably a fact of life.

Italy acts to curb consumer demand

By John Wyles in Rome

ITALY'S new Christian Democrat-led government yesterday pushed up domestic interest rates and unveiled an emergency tax package designed to cut consumer demand and put an end to speculation on a devaluation of the lira.

The measures appeared designed as much for political as economic impact after five months of political crisis and elections during which the country seemed to be drifitng towards higher inflation and balance of payments difficulties.

The tax package is designed to raise L3,400bn ($2.6bn) in new revenues, although Mr Giuliano Amato, who became Italy's first Socialist Treasury Minister a month ago, said this was not the main purpose.

Domestic demand was 'overheated' in relation to output growth, said Mr Amato, and with the import bill rising, the markets needed reassuring in the face of recurrent talk of devaluation.

In a subsequent statement announcing an increase in the Bank of Italy's discount rate from 11.5 per cent to 12 per cent, the Treasury said the move underlined its commitment to a stable lira. It also suggested that package did away with the need for sterner monetary measures.

With the exception of a L60 increase in the price of a litre of petrol from L1,290 to L1,350, the Government has not imposed any new permanent taxes. The package's main impact on consumer demand - currently growing at an annual rate of 5 per cent - should come from a 4 percentage point rise in VAT rates on cars, hi-fi, video and photgraphic equipment, and household furniture and electrical goods. However, the high rates will only apply until the end of December.

David Churchill assesses suitors for Hilton hotels

Key to unlock the world

WHEN the Hilton International chain of 90 hotels worldwide was acquired by Allegis of the US late last year, many other would-be suitors were left with the knowledge that they had failed to acquire one of the prime hotel chains in the world.

Now that Allegis - which is currently in the process of changing its name back to United Airlines as part of its restructuring process - has signalled its willingness to sell the hotel chain so soon after it was acquired, it is not surprising that as many as 35 potential bidders are rumoured to have emerged.

Of these, many are not really serious contenders. But the clear front runners are airlines such as Lufthansa and JAL and existing hotel chains such as the French company Accor and the UK's Bass and Ladbroke groups.

But a number of other candidates may yet emerge, such as the Barclay brothers with their hotel and property empire which includes the Howard hotels in New York's Park Avenue and on London's Embankment.

Hilton International, which has some 90 hotels in 44 countries, was separated out from the much larger Hilton Hotels Corporation back in the mid-1960s as a means of raising finance for the parent company. The two groups remain financially independent of each other although they share a joint reservation system, reputed to be one of the best hotel systems in the world.

What makes Hilton International such an attractive proposition to so many rival operators is that it offers a rare chance to capture so many prime sites in major capitals of the world.

"Hilton established itself in the international marketplace many years ago and not surprisingly was able to get some of the best sites available," points out Mr Terry Barlow, regional vice-president in charge of operations for Marriott in the UK and Europe.

TOP TEN HOTEL CHAINS WORLDWIDE 1986

	Rooms	Hotels
Holiday Corp	357,614	1,907
Sheraton	142,000	508
Ramada	100,000	575
Hilton Hotels*	97,535	271
Quality Inns	95,393	801
Days Inns	79,000	505
Marriott	75,277	165
THF	74,800	793
Accor	62,410	534
Prime Motor Inns	60,000	500

*Unconnected with Hilton International
Source: Hotels & Restaurants International

"There is so much competition for good sites now that the Hilton portfolio is extremely attractive to many other hotel groups," he adds.

Marriott is one of a number of hotel chains which are believed to be closely watching developments at Hilton International, although it refuses to be drawn on whether a bid will materialise.

Hilton International has two other key attractions for would-be buyers. "It has a very good global spread of hotels in countries where the market is expanding," points out Ms Marion O'Brien, head of research at hotel consultants Pannell Kerr Forster.

Hilton International, she adds, is designed at making the international traveller - not just Americans - feel at home in any city of the world, irrespective of local hotel standards.

The second key sales point for Hilton International is its name. "The Hilton name is second to none as a trading name for a hotel," points out Mr Geoff Parkinson, from the Horwath & Horwath hotel consultants.

Hilton's attractiveness must also be set against a buoyant picture for the worldwide hotel industry. According to a survey by the magazine Hotels and Restaurants International, the 200 leading hotel chains had some 2.7m rooms on offer at the beginning of 1986. By the end they had added on some 12 per cent more.

"The outlook for the world economy is generally bullish, which has benefited the international chains which gain much of their business from business travellers," points out Ms O'Brien.

In addition, she points out, there is a steady growth in international tourism in spite of temporary problems such as those caused in Europe last year after the Libyan bombing and Chernobyl incidents when many Americans stayed at home.

It is such growth in international travel that has made the leading international airlines themselves key players in the hotel industry. Hilton International, for example, was previously owned by TWA and it was nearly bought by the Dutch airline KLM before United Airlines acquired it.

Most other airlines have a stake in an international hotel chain - apart from British Airways which has never owned one. It might, however, soon acquire one if it succeeds in merging with British Caledonian, since BCal owns the Copthorne chain.

Most of the leading hotels remain very optimistic about the future of the worldwide industry. Holiday Inn, for example, is planning to build 130 new hotels in Europe by the early 1990s, of which 25 will be in the UK.

The majority of these new hotels will be its new three-star chain called "Garden Courts", although Holiday Inn is also developing its luxury Crowne Plaza concepts in Europe. The first UK Crowne Plaza was opened recently in Manchester.

Apart from the existing major international hotel chains, the pressure for sites in Europe is also coming from small luxury hotel groups.

The battle for Hilton International, therefore, is only likely to be a foretaste of the struggle to come for the best hotels and sites in the world.

Sweden launches Nobel inquiry

Continued from Page 1

● what export prices should be fixed respectively in Europe and overseas;
● what target prices should be aimed at for specific products;
● which companies would get which national markets.

Ms Eva Petzell, head of section at the office of the Swedish Competition Ombudsman, said: "This is unique material. We have never seen such clear proof before. It is often maintained that there are international cartels operating in different business areas, but normally there are no papers to prove it".

The Swedish cartel authorities are now investigating Bofors and Nobel Industries in an attempt to discover in what form the cartel activities have continued since 1985 and which companies are involved.

Bofors was asked to provide more information by August 10, but it has requested and been granted a delay until September 1.

According to the NO memorandum, the Bofors documents have not yet been passed on to the cartel authorities in the European Community or in EC member states.

Sweden is not a member of the European Community, and although the highly compromising material exposed by the customs investigation is available in Stockholm, there is no established mechanism for passing it to EC officials in Brussels. The regulations under which the Swedish cartel authorities operate limit the scope of their investigation to the isolated impact of the cartel on the Swedish market.

An EC official in Brussels said, meanwhile, that the Community would have no powers to examine the alleged cartels provided they were confined to the military trade.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	27	81	Malta	F	30	86	Rhodes	S	29	84
Algiers	C	35	95	Edinburgh	S	16	61	Manchester	F	15	59	Rio de J'o	-	-	-
Amsterdam	C	16	61	Faro	S	24	75	Manila	-	-	-	Rome	F	26	79
Athens	S	29	84	Florence	S	28	82	Melbourne	C	14	57	Salzburg	Sh	25	77
Bahrain	-	-	-	Frankfurt	C	18	64	Mexico City	-	-	-	San Francisco	-	-	-
Bangkok	-	-	-	Funchal	F	23	73	Miami	-	-	-	Seoul	R	27	81
Barcelona	C	25	77	Geneva	F	19	66	Milan	R	19	66	Singapore	F	28	82
Beirut	-	-	-	Gibraltar	S	26	79	Montreal	-	-	-	Stockholm	C	18	64
Belfast	F	14	57	Glasgow	S	17	63	Moscow	S	26	79	Strasbourg	C	17	63
Belgrade	F	28	82	Guernsey	F	16	61	Munich	F	23	73	Sydney	F	18	64
Berlin	S	18	64	Helsinki	S	20	68	Nairobi	-	-	-	Taipei	-	-	-
Biarritz	C	21	70	H. Kong	C	30	86	Naples	F	28	82	Tangier	S	25	77
Bombay	F	30	86	Innsbruck	F	23	73	Nassau	-	-	-	Tel Aviv	S	29	84
Bordeaux	F	22	72	Inverness	F	17	63	New Delhi	-	-	-	Tenerife	F	27	81
Brussels	R	14	57	Islamabad	-	-	-	New York	-	-	-	Tokyo	F	31	88
Budapest	F	26	79	Istanbul	S	25	77	Nice	F	21	70	Toronto	-	-	-
B. Aires	-	-	-	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	S	35	95
Cairo	S	33	91	Jersey	F	17	63	Oporto	S	26	79	Valencia	C	26	79
Cape Town	S	21	70	Jo'burg	F	14	57	Oslo	C	14	57	Venice	F	24	75
Caracas	-	-	-	Lima	-	-	-	Paris	C	15	59	Vienna	S	25	77
Casablanca	S	25	77	Lisbon	S	25	77	Peking	S	31	88	Warsaw	S	25	77
Chicago	-	-	-	London	C	13	55	Prague	S	23	73	Washington	-	-	-
Cologne	C	17	63	Los Angeles	-	-	-	Reykjavik	C	11	52	Zurich	R	14	57
Copenhagen	F	18	64	Luxembourg	C	15	59								
Corfu	F	29	84	Madrid	F	29	84								
Dallas	-	-	-	Majorca	F	33	91								
Dublin	C	17	63	Malaga	F	27	81								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Iran shows flexibility

Continued from Page 1

saw no need to go to Tehran despite an Iranian invitation to do so.

Nonetheless, Italian officials see Mr Larijani's stress on an existing "de facto" ceasefire as an indication that Iran is seriously examining the UN resolution as a whole. The Italians also believe Iran is putting less emphasis on demands for the punishment of President Saddam Hussein of Iraq for starting the war, though there have been contradictory statements from Tehran on this issue over the past few days.

While signs of possible Iranian flexibility were useful support for Mr Andreotti's refusal to countenance sending an Italian minesweeping force to the Gulf, pressure from government colleagues persuaded him yesterday to acknowledge that Italy must act if the UN resolution were to fail in bringing about a ceasefire, and if there were no subsequent Security Council agreement on an arms embargo.

Ministers agreed that time was running out on the UN initiative and it is understood that they set a mid-September deadline after which the Government would have to seek Parliamentary approval to join in efforts to keep the Gulf open to shipping.

Philippines coup attempt

Continued from Page 1

sealed off all entrances to the presidential palace

Two hours after the first shots were fired, the area around the presidential palace was eerily quiet, but the street was littered with empty shells from Armalite M-16 rifles and hand grenade pins.

General Ramos said in the radio broadcast this morning that rumours indicating the rebel soldiers were supporters of himself and of General Juan Ponce Enrile, the former Defence Secretary, were untrue.

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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Friday August 28 1987

NEW YORK FIRM MOVES TO DEFEND WELL-MANAGED COMPANIES UNDER ATTACK

US Lazard launches white knight fund

BY ANATOLE KALETSKY IN NEW YORK

A $2BN "white knight fund" for the defence of well-managed companies that are threatened by hostile takeover bids, is to be launched by Lazard Freres, the private New York investment banking firm.

Lazard, which has been one of the most active and profitable participants in the current merger boom on Wall Street despite its practice of never backing corporate raiders, has already raised more than $1bn from institutional investors since May, when it began marketing the idea of a takeover defence fund.

The fund, to be called Crossroads Partners, is likely to be formally launched within the next few months. It would invest in "established companies with a significant gap between stock prices and inherent values," according to a partner at Lazard.

However, unlike conventional investment institutions, Crossroads Partners would buy large strategic stakes of 10 to 30 per cent in such companies. Unlike the many leveraged buyout and arbitrage funds that have proliferated on Wall Street, Lazard would always back established managements in their restructuring efforts against outside raiders.

The hope is to provide companies with a "source of capital that can be counted on" in the event of threatened takeovers, the Lazard partner said. Over the three to five-year period which would be the new fund's normal time horizon, Lazard believes that such a policy could prove extremely profitable at present for a number of reasons:

- Sophisticated managers of large corporations are now aware of the vulnerability of their companies to takeovers and the need to maximise their companies' values to shareholders. Lazards would hope to invest in such companies before any takeover threat was manifested and thus benefit fully from their restructuring.
- Companies "lose some of their value by being forced to restructure under pressure" and thus backing established managements can frequently be more profitable than taking companies over.
- So much money has recently gone into various arbitrage and leveraged buyout funds that the return on such investment is bound to suffer. By contrast few investors have made a deliberate practice of backing threatened companies. Those that have, including Mr Warren Buffett's Berkshire Hathaway and General Cinema of Boston, have frequently found this to be a profitable venture.

Dutch insurers fall in first half

By Laura Raun in Amsterdam

AEGON and AMEV, the Netherlands' second and third largest insurance companies, yesterday reported lower first-half earnings due to the strong guilder and revised downward their forecasts for the whole year.

The two companies' results rounded off the first-half reports from the leading Dutch insurers. Earlier this week, Nationale-Nederlanden, the largest, reported a 6 per cent profits rise despite the currency factor, with investments and financing activities helping.

All the top Dutch insurers have large operations abroad and are sensitive to foreign exchange fluctuations.

Aegon's net income slipped 2 per cent to Fl 163m ($79.5m) from Fl 166m and for all of 1987 the company now expects profits to be roughly in line with the Fl 327m of last year instead of slightly higher.

Profits from life insurance climbed 13 per cent, boosted by business in the Netherlands, while those from accident and health lines plunged 78 per cent. General insurance, notably motor insurance, saw its losses widen to Fl 34m. Revenues jumped 16 per cent to Fl 4.8bn from Fl 4.16bn.

Amev's earnings slid 16 per cent to Fl 121.5m from Fl 144.3m on currency factors and, more especially, investment losses. As a result, Amev said it now expected profits to decline slightly for the whole year from the Fl 322.5m of 1986.

The fixed-investment losses occurred mostly in the US and caused operating profits in life insurance to fall although business elsewhere was healthy. Operating profits in life insurance plunged 20 per cent to Fl 99m

Kevin Done reports on the latest twist to a Scandinavian saga

TRI withdraws Fermenta bid

TRANS-RESOURCES (TRI), the privately-owned US holding company, has abandoned its planned SKr1.38bn ($216m) bid to take over Fermenta, the embattled Swedish antibiotics and chemicals group throwing the future of the heavily loss-making concern into renewed uncertainty.

In a statement issued jointly with Industrivärden, the Swedish investment company and main Fermenta shareholder, Trans-Resources said that it was unable to proceed with its proposed offer "because of the unwillingness of certain of Fermenta's Swedish banks to consent to TRI's proposed method of repaying bank loans of Fermenta."

The main opponents of the deal are believed to be PKbanken and Svenska Handelsbanken. Götabanken, Fermenta's main bank creditor, was ready to accept the TRI proposals.

TRI announced in early July that it had reached an agreement in principle with Industrivärden to acquire the investment company's 40 per cent voting stake in Fermenta, and that it planned to make a tender offer for the remaining Fermenta shares by the end of September.

Mr Kjell Brändström, Industrivärden chief executive, said that TRI's proposal was "reasonable" but that it had not been unanimously accepted by the Swedish banks.

European banks led by the four Swedish banks Götabanken, PKbanken, Svenska Handelsbanken and Nordbanken, are currently owed around SKr1.7bn by Fermenta.

Götabanken is understood to have an exposure of around SKr500m, followed by PKbanken with around SKr350m, and Handelsbanken and Nordbanken each with around SKr175m.

Mr Brändström said that under the terms of the TRI proposal at least SKr650m of the SKr1.7bn bank debts would have been paid off within 18 months. TRI had obtained financial commitments from "highly responsible American institutions," he said.

Preliminary talks took place late yesterday between Mr Arie Genger, TRI chief executive, and Mr Bertil Holmberg, Fermenta chief executive on the possible disposal of some individual assets to the US group. Mr Genger said that Fermenta was exploring "alternative transactions which would benefit Fermenta shareholders."

The banks were given a right of veto on any change of the main shareholder, when they helped rescue the group from the brink of financial collapse earlier this year.

Handelsbanken's rejection was a surprise move, as it is closely associated with Industrivärden, Fermenta's main shareholder with a 40 per cent voting stake which has been anxious to sell its holding at the earliest opportunity.

The opposition from PKbanken and Handelsbanken suggests that some of the Swedish banks have had strong reservations about the suitability of TRI, a rather unknown quantity in Sweden, as a future owner of Fermenta.

In a separate development Mr Ulf Lignell, Götabanken deputy managing director, said that the bank intended to open bankruptcy proceedings before the end of next week against Mr Refaat El-Sayed, the discredited former Fermenta majority shareholder and chief executive.

Agreement by Lornex ends mine battle

By David Owen in Toronto

A CORPORATE battle that has raged for nearly two years over a huge British Columbia copper deposit has ended with Lornex Mining, 68 per cent held by RTZ-controlled Rio Algom, agreeing to take over a copper mine and mill in Highland Valley owned by Teck Corporation of Vancouver.

The deal will cost Lornex C$16.7m (US$12.1m) and give Teck and two foreign partners a 5 per cent stake in Highland Valley Copper, a company formed to exploit the deposit.

The dispute began in early 1986 when Lornex cut a deal with Cominco, then a Canadian Pacific subsidiary, jointly to operate their copper facilities in the region, hence combining Cominco's comparatively rich mine with Lornex's better mill.

According to Teck chief executive, Mr Norman Keevil, this contravened an agreement between Teck and Lornex that neither would strike a deal with Cominco without the other.

Cannon Group sinks deeper into loss

BY OUR NEW YORK STAFF

CANNON GROUP, the troubled international film production and distribution company controlled by Mr Menahem Golan and Mr Yoram Globus, sank deeper into losses in its second fiscal quarter, raising the possibility of a potentially costly forced restructuring within the next few months.

Cannon, which has not yet resolved a long-running investigation into its accounting practices by the Securities and Exchange Commission (SEC), lost $12m after tax in the three months ended July 4 after a loss of $10m in the previous quarter.

Comparisons with the previous year's results were not available because of the continuing SEC investigation and "constraints of time, cost and the availability of accounting records." Cannon did explain, however, that its losses reflected weak theatrical performance of its recent film releases.

The losses also reflect a big reduction in film distribution revenues as Cannon has been forced to sell the rights to many of its films

The last two quarters' losses have reduced the company's net worth to $31m and left it exposed to potentially disastrous financial penalties which could result from loan covenants requiring Cannon not to allow its equity to fall below $37.5m for two quarters running.

Cannon stated that it is "actively addressing this situation" in order to ensure an equity position of more than $37.5m by its next quarter day of October 3. As an "immediate short-term solution," Cannon has agreed to sell $11.6m worth of stock to a Luxembourg company, Intercorporation, which is controlled by Messrs Golan and Globus, along with Interpart, another Luxembourg-based company.

If the stock purchase had been completed by the second quarter, Cannon said that its net worth would have been $42.6m. This suggests that the company will have to cut its losses in the current quarter by more than half, to less than $5m, if it is to maintain its equity above $37.5m and keep within its loan covenants.

Group turnover at KHD slips to DM2.1bn

By Haig Simonian in Frankfurt

GROUP TURNOVER at Klöckner-Humboldt-Deutz (KHD), the West German engineering and farm machinery group, fell to DM2.1bn ($1.15bn) in the first six months of 1987 from DM2.3bn in the same period last year.

However, despite the "unchanged difficult circumstances" in all its major business areas, the company expects to maintain group turnover this year at around the DM4.9bn reported for 1986 as a whole, thanks to higher new order levels, which rose 8 per cent in the first half of 1987. Foreign new orders rose 9 per cent in value to DM942m, while domestic orders were 6 per cent higher at DM678m.

KHD's operating profits, which were not given for the interim period, should improve this year, the group said, after slipping into the red in 1986. The company intends to continue its "adjustment strategy" so far as costs and capacity are concerned. KHD's workforce decreased by 864 to 18,078 during the latest half-year.

New England banks in interstate merger

BY GORDON CRAMB IN NEW YORK

TWO New England banks have announced an interstate merger which they said would create the 21st largest bank holding company in the US, with assets of more than $25bn.

Shawmut, based in Massachusetts, and Hartford National, which operates Connecticut National Bank, are to combine through a share exchange in what they described as "a merger of equals."

Shawmut, the smaller of the two with assets of $10bn, will see its name survive in the new Shawmut National, with shareholders in the Boston institution receiving 1.8 shares in the new company for each Shawmut share held. Holders of Hartford stock will be offered Shawmut National shares on a one-for-one basis.

The two banks have also come to a mutual options agreement allowing each to buy unissued shares in the other representing up to a quarter of fully diluted equity.

"Our organisations will continue to serve their individual markets, while together as a corporation we will offer expanded financial products on a more competitive and efficient basis," the bank said.

Olida-Caby launches restructuring

OLIDA-CABY, the leading French charcuterie group, has launched its financial restructuring plan after the losses in 1986 which almost wiped out its capital base.

The group will first write down its capital by half and then raise FFr198m ($33m) of new funds by a two-for-three equity issue. This will be followed by a FFr250m issue of bonds with attached warrants.

Mr Jean-Louis Riallin, Olida's new chairman, said the company, which lost FFr115m in 1986, had reduced losses in the first half of this year compared with the same period of 1986.

French insurance flotations delayed

BY GEORGE GRAHAM IN PARIS

THE FRENCH Government is on the point of deciding to put off its plans to privatise the leading state-owned insurance companies in favour of a speedier privatisation for the banks which remain in the state sector.

The flotation of the insurance companies has already been delayed by technical problems over their corporate structures and doubts over the division of unrealised capital gains in their extensive portfolios of bonds, shares and property.

Assurances Generales de France (AGF) was named last year by Mr Edouard Balladur as one of the first three companies to be privatised, but its flotation was postponed. The Government had still hoped to privatise either AGF, or one of its sister companies Union des Assurances de Paris (UAP) and Groupe des Assurances Nationales (GAN), this autumn.

Finance Ministry officials are now inclining towards floating both of the two large commercial banks which remain in the state sector, Banque Nationale de Paris and Credit Lyonnais, as soon as possible in order to put them on an even competitive footing with the third of the big three, Societe Generale, which was privatised in June.

"I think it is desirable to finish the privatisation of the banks before beginning on that of the insurance companies," said Mr Daniel Lebegue, who has just stepped down as director of the French Treasury to become one of the two managing directors of BNP.

"From the moment that the denationalisation of the commercial banks began, with Societe Generale and Credit Commercial de France, it became desirable to put all the commercial banks in the same position as quickly as possible, enabling them to raise new capital, make paper acquisitions and carry out a general campaign to mobilise their networks at the moment of privatisation."

BNP and Credit Lyonnais, together with Compagnie Financiere de Suez, the investment banking group whose flotation is due to begin on October 5, would virtually fill the privatisation calendar for the rest of the year, leaving room only for some smaller flotations.

In 1988, privatisations are expected to slow to a virtual standstill in the political limbo before the May presidential election.

The government's willingness to postpone the privatisation of the insurance companies, probably until after the election, has been increased by a mounting polemic over the details of the corporate restructuring being carried out at UAP, AGF and GAN.

The restructuring principally involves the creation of a holding company for each group and the transfer of assets to this holding company from the life assurance arm.

Led by Liberation, the daily newspaper, France's press and consumer associations have begun to question whether insurance policy-holders are being treated fairly

At stake are some FFr 70bn ($11.5bn) of unrealised capital gains, especially on the three insurance companies' extensive and often ancient property holdings. The Finance Ministry says 60 per cent of these gains will go to policy-holders, and only 40 per cent to the shareholder — the state.

The partition affects not only the payout on life assurance policies, but also the valuation of the insurance companies when they are eventually floated.

This issue has given the opposition socialist party what is perhaps its first real opportunity to attack the government's conduct of the privatisation programme. Earlier criticisms have generally misfired, but the sensitive accusation of tampering with pensioners' savings has struck more of a chord in public opinion.

Interim earnings fall at Volvo

By Sara Webb, Stockholm Correspondent

VOLVO, the Swedish motor, motor, energy and food group, reported lower profits for the first six months of 1987 due to the lower dollar and higher research and development costs which affected its car operations.

Group profit (after financial items) fell by 9.7 per cent to SKr 4.28bn ($664m), compared with SKr 4.74bn in the previous year. Profit (after financial items) for the second quarter alone was SKr 2.27bn, 1 per cent lower than in the same period last year.

Operating income for the first six months fell 9.4 per cent to SKr 3.67bn, though the second-quarter figure was up 4.5 per cent at SKr 2bn.

Volvo blamed the decrease in half-year figures on lower income in the sector where revenues declined due to the lower dollar and because of higher research and development costs.

Group sales totalled SKr44.35bn in the first six months, up 5 per cent. The lower dollar reduced the value of sales by about SKr 2.3bn.

Volvo said that the total market for cars fell by almost 10 per cent in North America, but increased slightly in Western Europe. In Sweden, the market increased by 22 per cent partly because of a forthcoming increase in excise tax. The group increased its market share in the US and maintained its market share in Europe.

The group delivered 219,000 cars to customers, an increase of 2.3 per cent. Car sale totalled SKr 19.2bn in the six months, up 3 per cent.

The market for trucks increased sharply in both Western Europe and the US, but Volvo said its increase in deliveries, though substantial, did not match the growth of the market. Truck sales increased 7 per cent to SKr 8.39bn in the six months.

Sales in the trading sector fell by 8 per cent to SKr 6.87bn as revenues from oil trading were hit by the lower dollar.

The food sector showed a 16 per cent increase in sales to SKr 4.09bn adjusting for acquisitions.

Volvo said yesterday that it plans to introduce its non-restricted B shares on the Swiss stock exchanges in Zurich, Basel, and Geneva during the autumn.

Sears Roebuck three-year straight well received

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

SEARS ROEBUCK, the US retailer, yesterday made a $250m straight Eurodollar bond issue aimed, like a number of recent issues, at meeting investors' preference for short-dated paper amid continued nervousness about the dollar's value.

Though the three-year deal, led by Goldman Sachs International, was fairly well received, it suffered when the New York market turned downwards at its opening, apparently on worries that a higher Federal Funds rate might signify a tightening of US monetary policy.

The Sears issue, the first in its name for over two years, was priced at 100⅛ with an 8½ per cent coupon to give a 48 basis point spread over US Treasuries at launch, net of fes. It was quoted within its 1⅛ per cent commissions.

Some in the market felt the bond's terms too aggressive, but the Double A name seemed to be appealing both to institutional and retail buyers.

Other recent dollar straights have been digested quite well and held up respectably as the market fell yesterday. No issuer has this week attempted a five-year deal after the abundance of paper issued in that area last week.

Other corporates could be attracted by the recent performance of new issues. General Electric of the US is understood to have sought proposals for a $300m bond which could be launched in Europe if it carries a three-year maturity, or in the US if the maturity is longer

Equity-linked dollar bonds continued to meet demand. Following the easy acceptance of Texas Instruments' $300m issue, of which the coupon was

INTERNATIONAL BONDS

fixed by Morgan Stanley at 2¼ per cent and the conversion premium at 7.98 per cent, a $75m convertible was launched for California-based Wyse Technology.

Led by J. Henry Schroder Wagg, the 15-year issue had an indicated coupon of 5¾ to 6¼ per cent and an indicated conversion premium of 18 to 22 per cent. An issue by the same borrower earlier in the year performed well, but yesterday's move somewhat more slowly partly because it lacked a put option. However, it was quoted within fees.

In the Japanese equity-linked area, which has seen a steady stream of new issues, Nisshinbo Industries, a cotton spinner, made a $150m issue on the current standard five-year terms, with an indicated coupon of 3¼ per cent, led by Nomura International.

In West Germany, D-Mark Eurobonds ended about ¼ point higher in quiet business, steadying somewhat after recent weakness. Domestic bonds gained about 40 basis points, also partly reversing recent losses.

In Switzerland, prices again eased in fairly active business with investors clearly preferring shorter paper, although most recent new issues have been for longer maturities.

Nippon Telegraph and Telephone's SFr 200m 10-year 4⅞ per cent issue was bid in the grey market at about 2¼ points below issue price, underlining the market's resistance to the flood of new issues. By comparison, a Tokyo Electric Power SFr 200m eight-year public issue launched earlier this month with a 4¾ per cent coupon was bid 1¼ points below issue price in the grey market.

The only new straight issue yesterday was a SFr 50m private placement for Meisel Industrial, an engineering company, led by Handelsbank NatWest. The five-year bonds were priced at 99¾ with a 4¾ per cent coupon.

NEC System Integration and Construction issued SFr 35m of 5½ year convertible bonds led by Swiss Bank Corporation. The issue, with an indicated ⅞ per cent coupon, was well received. Aichi Tokei Denki, a gas meter maker, issued SFr 30m of five-year bonds with equity warrants with an indicated 1¼ per cent coupon, led by Kirtschafts- und Privatbank.

● The issuer of a C$70m bond was incorrectly identified in yesterday's International Bonds column. It was City of Montreal, not Bank of Montreal.

Wessanen ahead despite lower dollar

By Laura Raun in Amsterdam

WESSANEN, the Dutch food processing group, raised its earnings by 12 per cent to Fl 31.6m ($15.4m) in the first half of 1987 from Fl 28.2m a year earlier despite the negative effects of the lower dollar.

Wider profit margins resulting from a shift toward higher value-added products and greater sales volume more than offset the currency factor. In recent years, Wessanen has put more emphasis on specialised highly processed foods among dairy, meat and bread comestibles than on bulk and commodity foods.

Wessanen is especialy sensitive to dollar fluctuations because of its sizeable holdings in the US, which account for 34 per cent of total turnover. Despite the weaker dollar, operating profits from the US were higher in the first six months than a year earlier. European activities developed "favourably."

The Amstelveen-based company repeated its forecast that earnings per share for the whole of 1987 would surpass the Fl 5 of 1986.

Turnover was flat at Fl 1.9bn in the January to June period

An unchanged interim dividend of Fl 0.84 per share has been declared.

Veba little changed in first half

BY HAIG SIMONIAN IN FRANKFURT

FIRST-HALF net profits at Veba, the West German energy and chemicals conglomerate, edged up to DM304m ($167m) from DM303m in its first set of results since being fully privatised in March.

Net profits for the year as a whole should reach last year's DM 992m, said the company. Pre-tax profits for the first half increased to DM 710m against DM 708m in the same period last year.

Veba's overall turnover was 7.4 per cent lower at DM 19.6bn compared with DM 21.1bn in the first half of last year. The reduction came largely as a result of lower oil prices and the sale of a 80 per cent stake in Ruhrgas at the beginning of 1987, said the company.

Electricity sales, which rose 3.7 per cent to DM 5.3bn, accounted for the bulk of Veba's overall productive turnover of DM 12.2bn. The amount of power generated by Veba's nuclear plants rose to 70 per cent of the total against 66 per cent last year.

Oil and petrochemical sales were 18 per cent lower at DM 4.4bn, while chemicals fell 7 per cent to DM 2.4bn. Overall turnover in Veba's non-productive businesses decreased by 5.7 per cent to DM 7.4bn.

Fixed investment in the first half of this year fell to DM 913m against DM 991m in the same period last year. Electricity continues to account for the lion's share of Veba's spending, although new investment fell to DM 753m against DM 607m at the interim stage last year following completion of the Brokdorf nuclear power station and a new coal-fired unit at Heyden.

Installing new anti-pollution equipment now accounts for the bulk of its investment in electricity generation, said the company.

Dasslers to sell stake in Pony

BY ANDREW FISHER IN FRANKFURT

THE DASSLER family of West Germany, owner of the Adidas sports shoe and clothing company, has agreed to sell its majority stake in Pony, a US shoe and textile producer.

The buyer is Yarsel Investment Company, which is based in Taiwan and already owns 20 per cent of Pony. The Dasslers held their share of Pony through a company called Sardan Holding in Switzerland.

No price was given for the deal. Adidas said that the Sardan shareholders had made their decision "to allow greater concentration of their present business activities."

The controlling interest in Pony was purchased two years ago and built up from 55 to 80 per cent. The move was made to give Adidas a stronger position in the difficult US market, where the German company operates at the top of the range and Pony at a slightly lower price level. Pony's turnover has been estimated at some $150m, two-thirds in the US.

Like other producers, Adidas has found the going tougher in the US recently, as Reebok has gained market share with its more fashion-oriented products.

Reebok, a company of British origin whose shares are quoted in New York, said yesterday its recent entry into the German market had been more successful than expected. Turnover in the first year would total DM 14m ($7.7m) instead of DM 10m.

Daf renews heavyweight truck range

By Kenneth Gooding, Motor Industry Correspondent

DAF TRUCKS of the Netherlands, in which the UK's state-owned Rover group has a 40 per cent shareholding, is to launch a new range of heavyweight "flagship" vehicles at the Frankfurt Motor Show next week, the culmination of a six year programme which cost Fl 600m ($300m).

But Mr Aart van der Padt, chairman of the management board, says that Daf's spending will continue at a high rate, partly because of the acquisition of Leyland Trucks and Freight Rover from the Rover group in April this year.

Research and development expenditure will be about Fl 200m a year and capital expenditure will take another Fl 200m, together representing about 10 per cent of Daf's expected turnover, he says.

The Fl 600m programme, backed by loans from the Netherlands Government and loan guarantees from the government in Belgium, where Daf has a cab plant, has enabled the company to renew its complete range of light and medium trucks as well as introduce advanced production mehods.

The new heavyweight, high-powered trucks, designed for international haulage, are called the Daf 95 series and, according to Mr van der Padt, should help to keep the company's share of the West European heavy truck market moving ahead at a steady 0.5 per cent a year. In the past 10 years Daf's share has improved from 4.5 per cent to 7.5 per cent.

The Daf 95 trucks should increase the company's penetration where it is weakest—in West Germany and Scandinavia,

Centel Cable share offer

By Our Euromarkets Staff

CENTEL CABLE Television Company, a US cable TV company with services in six states in the mid-west and south-east, is making an initial public offering of 4m shares. Of this, Morgan Stanley is arranging the international underwriting of 800,000 shares.

The shares are expected to be priced between $20 and $22 a share, and listed on Nasdaq. Some 25.25m shares will be outstanding after the offering.

Further mortgage issue from Citibank

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

CITIBANK TRUST is selling £60m worth of private house mortgages to banks in the UK in the second of its so-called Private Mortgage Passthrough Programmes.

Such sales take the mortgages off Citibank's balance sheet, with buyers receiving interest at floating rates linked to London interbank offered rates, Libor.

The yield over Libor is set at ⅜ per cent for the first 10 years and ¼ per cent after that. It is paying fees of 10 basis points for commitments of at least £5m and participation is transferable.

The expected average life of the programme is seven to eight years, and Citibank will be able to call in the facility once the average balance falls below £10m.

Losses on Citibank's portfolio have averaged less than 0.01 per cent a year, but Citibank will provide a limited guarantee of £3.6m to cover any interest or credit losses.

The transaction, which will be offered through Citicorp Investment Bank, will carry no reserve asset costs for the investing banks. This, together with an interest rate that is reset quarterly but paid monthly, should improve the net investor yield significantly, Citibank said.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on August 27

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
All Nippon Air 9⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
American Brands 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 9⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom 7⅞ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Campbell Soup 10½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	−1	[illegible]
Canadian Pac. 10¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNCA 7⅞ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp 8⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 9 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit National 7¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 7¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 8¾ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7¾ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 8¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7⅞ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7½ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Cred. 10½ 91	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Ford Motor Cred. 11⅞ 90	[illegible]	[illegible]	106	[illegible]	0	[illegible]
Gen. Elec. Cred. 10¾ 00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC 8⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoesch 8⅞ 97	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Hoesch 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoesch 7¾ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Liberty Mutual 8½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LTCB of Japan 8 91	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
LTCB of Japan 8 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mercds.-Benz Cred. 7½ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mercds.-Benz Cred. 8⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi Fin. 7⅞ 93	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Mutual America 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	0	[illegible]
Norway Kingdom 7¾ 91	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Pepsico Inc. 7⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	+1	[illegible]
Prudential Corpn. 8⅞ 94	125	[illegible]	[illegible]	[illegible]	0	[illegible]
Qantas Airways 10⅞ 95	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Queensland Govt. 10⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ralston Purina 11⅞ 95	[illegible]	[illegible]	109	[illegible]	[illegible]	[illegible]
Saab [illegible] 9½ 91	125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅞ 94	45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 4⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Elec. de France 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansai Electric 4⅞ 96	[illegible]	[illegible]	[illegible]	0	[illegible]	[illegible]
Norway 4⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF 4⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden, Kingdom 5⅞ 95	[illegible]	[illegible]	[illegible]	[illegible]	+1	[illegible]

Average price change... On day +0⅛ on week +1⅛

OTHER STRAIGHTS — [illegible]

FLOATING RATE NOTES — [illegible]

D MARK STRAIGHTS — [illegible]

CONVERTIBLE BONDS — [illegible]

SWISS FRANC STRAIGHTS — [illegible]

INTL. COMPANIES and FINANCE

Renison Goldfields ahead on mineral sands and gold

BY BRUCE JACQUES IN SYDNEY

RENISON GOLDFIELDS Consolidated (RGC), the diversified Australian miner, whose major shareholder is Consolidated Goldfields of the UK, has continued its resurgence from a mid-1980's profit slump.

With mineral sands and gold as the star performers, RGC lifted after tax profits 133.6 per cent from A$21.1m to A$49.3m (US$35.2m) in the June year. Shareholders will share in the spoils with the company maintaining the annual dividend at 15c a share, but paying most of it on capital increased more than 60 per cent by two bonus issues during the year. Payout is up from A$11.1m to A$17.2m.

The mineral sands division dominated pre-tax earnings, which jumped from A$40.8m to A$63.6m on the back of both production and price increases. The year also marked RGC's first appreciable earnings from gold with the 60 per cent-owned Pine Creek gold mine in the Northern Territory lifting its contribution from a negligible A$296,000 to A$16m.

Earnings at the company's Tasmanian tin operations were lifted from A$2.5m to A$4.5m despite chaos in international tin markets. But earnings from the Mount Lyell mine in Tasmania fell from A$1.5m to A$592,000.

The other major contribution to results came from investment operations where earnings grew from A$2.1m to A$8.1m, largely through trading in buoyant share markets.

Mr Campbell Anderson, RGC managing director, served notice that the company was poised for further expansion. He said RGC was highly liquid with cash reserves of close to A$200m following the profit, and a recent A$100m convertible note issue.

Lower exports hit Trans-Natal earnings

By Jim Jones in Johannesburg

TRANS-NATAL, South Africa's second-largest coal mining group, suffered a halving of its after-tax profit in the year to June 30, mainly because of poorer export market conditions.

Total domestic and export sales rose to 32.25m tonnes, from 31.57m tonnes in the previous financial year, but operating profits before amortisation, finance charges and tax dropped to R237.5m ($114.7m), from R333.4m. The pre-tax profit was R146.3m, against R272m.

Mr Steve Ellis, the chairman, says that export income was affected by lower prices and a strengthening of the rand against the dollar. He has not said whether export sales tonnages have been hurt by trade sanctions, nor has he mentioned the possible strike on the current financial year's operations.

Trans-Natal exports most of its coal through the port of Richards Bay, where plans to expand coal-handling facilities have been shelved in view of the poor state of export markets.

Earnings have fallen to 98 cents a share, from 161 cents, and the year's dividend has been cut to 60 cents from 90 cents. Trans-Natal is controlled by Gencor, the second largest of South Africa's mining houses.

Toyota Motor down 18%

BY YOKO SHIBATA IN TOKYO

TOYOTA MOTOR reported unconsolidated pre-tax profits of Y398.01bn ($2.73bn) in the year to June 30, 1987, down 18.5 per cent from the previous year. Net profits were 21.5 per cent lower, at Y200.21bn. Sales for the past year were Y6,024.91bn, down 4.4 per cent from the previous year.

This was the first profit and sales drop since the company was established in 1982 through a merger of Toyota Motor and Toyota Motor sales, and was blamed on reduced exports caused by the appreciation of the yen.

Toyota's domestic car sales increased 4 per cent to 1.78m, thanks to sales promotion efforts

However, exports fell 8.4 per cent to 1.8m, due to a sharp drop in sales to the US which outweighed an increase in European sales.

Operating profits declined by 34.8 per cent, to Y248.38bn. Toyota spelled out the factors contributing to the decrease in operating profits as follows: currency exchange rate losses — Y270bn; increased personnel costs — Y29bn; higher depreciation costs — Y26bn. The factors contributing to increased operating profits were: rationalisation — Y160bn; sales promotion — Y60bn; lower business tax — Y24bn.

Toyota will pay an annual dividend of Y18.5 per share — Y12 ordinary dividend, Y4 extraordinary dividend and Y2.5 in commemorative dividend to mark the 50th anniversary of the company's founding in November.

For the current fiscal year to June 1988, Toyota sees maintained pre-tax profits and an annual turnover of Y6,000bn, down 0.4 per cent.

Malaysian bank offering

BY WONG SULONG IN KUALA LUMPUR

BANK OF COMMERCE, owned by Fleet Group, an investment arm of the ruling United Malays National Organisation, has announced a public offer of 14.64m.

It is the second bank to get a listing on the Kuala Lumpur stock exchange this year. Shares of Southern Bank, controlled by the Selangor royal family, will be traded on the exchange for the first time next week.

Bank of Commerce's one ringgit shares are to be sold at 1.8 ringgit each, and will increase paid-up capital from 58m ringgit to 72.64m ringgit.

The bank expects to make a pre-tax profit of 13.9m ringgits (US$5.56m) for the year to August 1988, giving the new shares a prospective price/earnings ratio of 9.4.

Bank of Commerce was started by a Chinese family in the East Malaysian state of Sarawak in 1924. It was taken over by the Fleet Group in 1979.

Rand Merchant improves

BY OUR JOHANNESBURG CORRESPONDENT

RAND MERCHANT BANK (RMB), the privately owned South African banking company, increased disclosed after-tax profit to R13m ($6.2m) in the year to June 30, from R10m in the previous year. The profit is stated after undisclosed transfers from and to hidden reserves.

The directors say the corporate finance division achieved record results due to a spate of new listings on the Johannesburg Stock Exchange and foreign companies divesting from South Africa. The project finance division benefited from a resurgence of capital spending in some sectors of the economy. Additional capital of between R30m and R40m is to be raised

Banking analysts in Johannesburg expect the additional capital to be raised by means of a public offer of shares

RMB's earnings rose to 81.4 cents a share from 62.6 cents and the dividend has been increased to 28 cents from 30 cents.

UK COMPANY NEWS

Core growth lifts Ladbroke 81%

BY CLAY HARRIS

Ladbroke Group yesterday reported record interim pre-tax profits of £55.2m, an 81 per cent increase on the £30.5m achieved in the first half of 1986. Earnings per share soared by 40 per cent to 11.17p from 8p after adjustment for the three-for-10 rights issue in April.

Mr Cyril Stein, chairman, said the group's four core activities—betting, hotels, property and DIY retailing—were all prospering in growing markets, although Ladbroke gave no divisional breakdown of turnover and profits. Overall turnover rose by 24 per cent to £969.7m (£778.9m).

"The excellent results demonstrate our ability to achieve consistent earnings growth," Mr Stein said.

The strong pre-tax advance reflects in part Ladbroke's deliberate move away from activities with profit contributions heavily biased towards the second half and is unlikely to be matched in the full year, although many analysts now expect a 50 per cent rise over 1986.

Estimated profits from Texas Homecare, for example, are believed to be double the total contribution last year from 10 weeks of the DIY chain as well as Lasky's, the electrical retailer, and Ladbroke's bingo clubs, both subsequently sold.

Ladbroke has still not touched the £294m proceeds of its rights issue, although it helped to reduce interest costs to £11.3m (£13.7m).

Of two companies currently available with expected £600m-plus price tags, Ladbroke confirmed its interest in the 94 Hilton International hotels being sold by Allegis, the US airline and travel group, but said it would not pursue MFI, the furniture chain which is being divorced from Asda.

Ladbroke expects to be among perhaps four serious contenders for the Hilton hotels when the field narrows from the current three dozen suitors.

Investment in the group's existing hotels, mostly now four-star operations, raised tariff levels and occupancy rates in the first half.

Ladbroke yesterday announced a £25m joint venture to redevelop 130,000 sq ft at Angel Gate, Islington, near the City. Property developments were expanding rapidly in the US and Europe. London & Leeds, the US subsidiary, had 2m sq ft completed or under construction and were planning another 1m sq ft of developments by the end of 1988.

Retail betting operations had maintained UK market leadership in a half which saw excellent trading. Live race telecasts by Satellite Information Service, the company partly owned by Ladbroke, had been well received.

Sales had been consistently good at Texas, which was increasing its selling space to 5m sq ft by the end of the year and 6m sq ft by the end of 1988.

An extraordinary credit of £19.7m was similar to the £20.2m figure last year and reflected the net proceeds of disposals of non-core activities including a 20 per cent stake in Central Television and the Rodeway Inns motel franchise operation in the US.

The interim dividend is once again increased by 10 per cent to 6.05p (5.5p). Ladbroke shares added 1p to 445p.

See Lex

Elders Resources buys first UK holding

BY TERRY POVEY

Australia's Elders Resources, a 48 per cent owned quoted associate of Elders IXL, has taken a 9 per cent stake in Sutcliffe Speakman, the UK activated carbon, solvent recovery plant design and chemical trading company.

This is ER's first reported investment in a public company in the UK and at present it has only a metal trading operation in London called Elders Exsud.

The stake in Sutcliffe was acquired through the purchase of 1.3m new shares issued at 180p to the Australian company. Sutcliffe is the world's oldest maker of activated carbon, a key element in filtration processes of all kinds, and has long had a trading relationship with Elders.

ER's main Australian interests are in gold and other mining operations, oil, gas and diamond projects and in the international trading of minerals.

Recovery and filtration techniques have important applications in the resources field and along with the share subscription, which is subject to shareholders' approval, both companies also announced that they have entered into "various joint ventures." On news of the link-up with ER, Sutcliffe's shares rose 38p to close at 198p.

Lacklustre response to Norton Opax rights

BY CLAY HARRIS

Norton Opax yesterday joined a growing list of companies which have received less than majority support for recent rights issues. The specialist printing and packaging group said that applications had been received for only 45.1 per cent of the £46m convertible preference shares on offer.

The applications include, however, the 22.5 per cent holding for which Mr Robert Maxwell had irrevocably agreed to take up before the offer was launched in July. This allowed Norton to save an estimated £250,000 in underwriting costs.

Samuel Montagu, Norton's merchant bank, indicated yesterday that the issue had been intended not only to fund planned acquisitions in North America but also to widen the ownership of the shares. The outcome was not especially disappointing.

The £127m offer by Brent Walker, the property and leisure group, to fund its purchase of casinos from Lonrho, fared considerably better. Shareholders subscribed for 85.5 per cent of the convertible preference shares available.

Another indication of shareholder sentiment will come with the outcome of the £122m rights issue by Ratners, the jewellery group, which closed yesterday. At 333p last night, Ratners shares continued their recovery to well above the 310p rights price.

Ratners' previous £82m rights issue on the same terms won a 91 per cent take-up when it closed last month.

Guinness Peat battle awaits Stock Exchange decision

BY TERRY POVEY

THE BATTLE between Guinness Peat Group and its major shareholder Equiticorp has shifted towards the Stock Exchange with the New Zealand group pressing for a management incentive scheme to be put to shareholders.

On Tuesday, Equiticorp announced that it had increased its stake in GP to 35.6 per cent and made a 110p-a-share bid for the UK banking and fund management group. The group is strongly opposed to a highly-geared incentive scheme proposed for a team of bankers to run Guinness Mahon, GP's merchant banking unit.

In court yesterday GP's lawyers did not present any case for the lifting of an injunction restraining it from implementing the scheme. A further hearing is expected in about 10 days.

Earlier this week GP consulted the Exchange over a release giving details of the incentives scheme.

It appears that the Exchange accepted GP's contention that the initial sale of 5 per cent of Guinness Mahon was not material to the group. However, the Exchange asked for the issue of the option over a further 45 per cent of the merchant bank, not due until 1992 at the earliest, to be put to the vote within 18 months. If shareholders defeat the scheme GP has agreed to pay £4m compensation to the management team.

Equiticorp argues that the proposed contract should be viewed as a whole and is therefore material now. The Exchange is believed to be reconsidering its position in the light of this.

WPP pays up to £23m for three acquisitions

By Nikki Tait

WPP, the UK marketing services company which two months ago won a £351m bid for the substantially larger Madison Avenue-based JWT Group, yesterday returned to the acquisition trail with the purchase of two non-media advertising companies in the US and a graphics and design business in the UK.

WPP's share price has been clouded by the overhang of stock following a heavy £213m rights issue—two-thirds of which was left with the underwriters—to fund JWT. However, the latest acquisitions are relatively small, involving a possible maximum consideration of about £23m, and will be paid for on a staggered basis, predominantly in cash. Yesterday WPP shares strengthened 5p to 820p.

The two US acquisitions, Reese Communications Companies and Targeting Systems, augment WPP's below-the-line business in the States, currently co-ordinated through its Rasor Communications subsidiary. Both started—in 1966 and 1978 respectively—as consulting firms for political candidates, but have since shifted to serving corporate clients.

RCC specialises in "issues marketing," in particular, crisis management and crisis response; TSI applies these techniques to commercial marketing, as well as developing demographic and attitudinal research. Clients currently include Philip Morris, AT&T, Georgia Power, Drexel Burnham Lambert and Gulf States Utilities. In the year to end-February, combined revenues totalled \$14.4m, and pre-tax profits, \$3.5m.

The overall maximum purchase price is \$35m, and the actual figure will be based on a 10 times multiple of the average post-tax profit for the three years to end February 1992.

WPP is paying \$14m in cash up front with the rest spread over three years—probably funded two-thirds in cash and one-third in shares. Post-acquisition, Mr Matthew Reese, the chairman and major shareholder in both companies, will join the board of Rasor.

The UK purchase is Greaves Hall, which provides graphics and design services; clients include Digital, Kraft, Racal and Rank Xerox. Sales in 1986 were £435,000 and adjusted pre-tax profits £80,000. Again payment will be profit-related, subject to a maximum of £1.65m. WPP is paying £333,000 now—£250,000 in cash and £83,000 in shares—with the rest similarly staggered.

Both deals were already in the pipeline when JWT stole the limelight. Yesterday, to help tackle the expanded group, WPP announced five new appointments to its financial team—giving it a central of 10 in the UK and five in the US.

Acquisitions boost Marley interim profits to £25m

BY DAVID WALLER

Marley, the much restructured building materials group, has increased its profits for the six months ended June 30 by more than two and a half times.

Boosted by recent acquisitions, the £15.4m rise in taxable profits to £25.1m was in line with City forecasts and the shares rose 2p to close at 181p.

"We have completely changed the shape of the company," said Mr George Russell, chief executive. "There is no longer the traditional imbalance between profits in the first and second halves."

He said that Marley's dependence on buoyant new housing markets was lessening as it undertook more work in the refurbishing market. Trading conditions for the second half continued to look favourable, he said, despite the recent rise in basic rates.

Turnover rose by £8.7m to £277.1m (£268.4m). The interim dividend was increased by 17.8 per cent to 1.65p per share.

Of total operating profits of £28.9m (£15.2m), some £14m came from Thermalite, General Shale and Nottingham Brick, the three companies bought for a total of over £150m in the last year.

Included in last year's operating profits was a £1.7m contribution from Payless, Marley's former DIY subsidiary which was sold to Ward White for £94m in March.

Profits for the company's traditional tiling business were 53 per cent ahead at £4.9m, against £3.2m in the same period last year.

The tax charge was £7.6m (£4.4m), 30.1 per cent of taxable profits, down from the 45.8 per cent charge in the same period last year, due mainly to the use of prior year tax losses available in the US.

Interest payable declined from £4.3m to £3.8m, and after minorities of £60,000 (£302,000), profit attributable to Marley shareholders was £17.6m (£5.6m). Earnings per share more than trebled, from 2.2p to 6.7p.

● Marley has sold its 53 per cent stake in CPI Holdings, an Irish quoted company, to a consortium led by CPI's chairman, Mr Michael Chadwick. The consortium paid IR76p a share for Marley's 6.4m shares, which will give rise to a book loss of £2.5m to be treated as an extraordinary item in Marley's full year accounts.

CPI announced yesterday that it had reversed losses of I£343,000 made in the first half last year to make a pre-tax profit of I£37,000, on I£22.3m (I£22.6m).

See Lex

Thornton Pacific argues its case

BY NIKKI TAIT

Thornton Pacific Investment Fund, the £79m Luxembourg-based investment company which is making a hostile £237m bid for TR Pacific Basin Investment Trust, said yesterday that its proposals would allow shareholders to realise 97.2 per cent of the underlying net asset value of their shares—but that the percentage could be higher if TR Pacific waives a "golden parachute" termination agreement.

According to the Thornton offer document, posted yesterday, the costs of its scheme would amount to 2.8 per cent of TR Pacific's asset value immediately before its portfolio is realised. Of that, however, 0.9 per cent is accounted for by a termination charge payable to Touche Remnant. If this were waived the total cost would be 1.9 per cent, and shareholders could get 98.1 per cent of nav.

The Thornton document argues that its proposals—which would allow shareholders either to cash immediately or to accept shares or warrants in Thornton Pacific, which as an open-ended company trades at net asset value—combine "the most favourable attributes of a unit trust and an investment trust."

Mr Richard Thornton, chairman of the company, added that the initial soundings from institutional investors in the trust have been encouraging. The scheme, he argues, could be "through and finished" in 60-90 days.

TR, however, has already promised that it will come up with alternative proposals which will be more flexible and attractive. Yesterday, directors of the fund were meeting to discuss their response.

Robt Lowe pays £3.2m for Wescot textile side

BY FIONA THOMPSON

Robert H. Lowe, clothing manufacturer, has bought the textile interests of The Wescot Group, namely Woodstock Neckwear, Wescot Textiles, Wescot Leisurewear and Wescot Shirts, for £3.15m.

In 1986, the four companies jointly made profits before tax and management charges of £476,000 on turnover of £15.76m. Although unaudited accounts for the first six months of 1987 show increased sales, results to October this year will be substantially affected by the costs of closing Wescot Leisurewear's loss-making German operation.

The acquisitions should boost the already substantial business Lowe does with Marks and Spencer. Woodstock Neckwear makes silk ties, primarily for M and S and House of Fraser; Wescot Textiles is a leisurewear manufacturer the leading customer of which is Marks; Wescot Shirts makes boys' shirts, principally for M and S and Wescot Leisurewear supplies casual clothes to the retail trade including Next and Levi.

The purchase is being financed by the issue of 1.99m shares which have been conditionally placed. Existing shareholders will have first refusal at £2 each on a four-for-nine basis.

BP buys PT Wheelock Marden

BP has acquired the Indonesian contract manufacturing company PT Wheelock Marden Indonesia through its subsidiary BP Detergents.

Wheelock manufacturers household and personal care products on behalf of leading multinational companies.

This purchase, together with the recently announced acquisition of the Malaysia-based UNZA group of companies which also makes personal care products, will give BP Detergents a strong manufacturing base in the Pacific Basin both for supplying domestic markets and for export.

Press Tools nears £0.5m

Press Tools lifted its profit from £401,000 to £486,000 in the year ended April 30 1987 and is raising the dividend from 2.5p to 3p, with a final of 2p.

Order books were healthy, the directors said, and they were hopeful that further progress would be made in the current year.

Should the offer by the Fremont Group become unconditional, it would acquire a substantial holding. This impending development was welcome, the directors said. With Mr Greg Hutchings on the board they contemplated further growth.

Earnings for the past year worked through at 14.39p (11.15p)

United Newspapers

United Newspapers shares will begin trading on the US Nasdaq over-the-counter market on September 15. The American depositary receipt listing does not involve the issue of any additional United shares.

Each ADR will represent two of United's ordinary shares. The listing is sponsored by First Boston, which will also be one of the US market makers.

Microlease buyout bid

SHARES in Microlease, the electronic equipment rental group, leapt 12p to 150p yesterday after the company announced the possibility of a management buyout at that level.

The company made the announcement after its share price had risen from a level of less than 120p earlier this month. Certain members of the board have made the bid approach and the independent directors are cureently considering the merits of the offer.

In the year to February 28 1987 the group's profits fell from £582,000 to £485,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Alida ....int	2.5	Oct 15	2.25	—	8
AMEC ....int	4.75	Dec 31	4.5	—	13
Charles Barber ....int	†1.1	Oct 30	1	—	3
Barr & Arnold ....int	3	Oct 30	2	—	8
Bullers ....int	0.5	Oct 19	0.5	—	2
Dunton Group	‡0.3	Oct 19	0.24	0.5	0.4
James Fisher ....int	1.7	Oct 21	1.85	—	2
Ladbroke Group ....int	6.05	Nov 13	5.5	—	12.5
Lec Refrigeration ....int	4	—	4	—	12.5
Marley ....int	1.65	Oct 30	1.4	—	41
Trent Holdings	0.89	—	0.89	1.15	115
Press Tools	2	Oct 15	1.87*	3	2.5

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Third market.

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
208	133	Ass. Brit. Ind. Ordinary	203	—	7.3	3.6	12.4
205	145	Ass. Brit. Ind. CULS	203	—	10.0	4.8	—
40	34	Armitage and Rhodes	38	—	4.2	11.1	5.3
142	67	BBB Design Group (USM)	110xd	− 2	2.1	1.9	17.5
187	108	Bardon Group	187	—	2.7	1.8	28.5
180	96	Bray Technologies	180	+ 8	4.7	2.6	14.4
261	190	CCL Group Ordinary	261	—	11.5	4.4	6.7
141	99	CCL Group 11pc Conv. Pref.	147	—	15.7	11.1	—
171	138	Carborundum Ordinary	171	—	5.4	3.1	14.9
102	91	Carborundum 7.5pc Pref.	102	+ 2	10.7	10.5	—
128	87	George Blair	129xd	—	3.7	2.8	3.3
143	119	ISIS Group	120	—	—	—	—
76	59	Jackson Group	75	—	3.4	4.5	8.3
444	321	James Burrough	444	—	18.2	4.1	10.1
97	88	James Burrough 9pc Pref.	97	—	12.9	13.3	—
780	500	Multihouse N.V. (AmszSE)	540	+40	—	—	21.4
550	351	Record Ridgway Ordinary	550	+ 1	1.4	—	11.1
88	83	Record Ridgway 10pc Pref.	88	—	14.1	16.4	—
91	69	Robert Jenkins	69	− 1	—	—	3.0
124	42	Scruttons	124sus	—	—	—	—
220	141	Torday and Carlisle	220	—	6.6	3.0	10.7
42	32	Trevian Holdings	42sus xc	—	0.8	1.8	3.9
131	73	Unilock Holdings (SE)	108xd	—	2.8	2.6	19.9
221	115	Walter Alexander	221xd	—	5.9	2.7	16.4
198	180	W. S. Yeates	185	—	17.4	8.9	19.5
175	98	West Yorks Ind. Hosp. (USM)	132	—	5.5	4.2	14.0

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of FIMBRA.

UK COMPANY NEWS

City disappointed with AMEC's profit increase

AMEC, the construction group, improved its pre-tax profit by only £700,000 to £13.1m in the first half of 1987, and disappointed the City.

The profit was some £1m below expectations, and the shares reacted with a 15p mark-down to 342p. The civil engineering side suffered from lumpy profits and the adverse weather.

Mr J. W. Morgan, chairman, said overall the group had maintained a steady underlying improvement, and results were consistent with the medium term planned rate of growth. Order books remained high and provided a sound basis for the future.

The group had retained a positive net cash position despite using a significant proportion of the surplus to fund expansion in housebuilding and property development.

The chairman said that overall the performance of the core businesses and investments in newer areas were progressing as planned. With opportunities for growth emerging, he remained confident in the profitable development of the group.

Turnover in the half year came to £353.8m (£351.9m). Earnings worked through at 13.2p (12.3p) and the interim dividend is 4.75p net (4.5p).

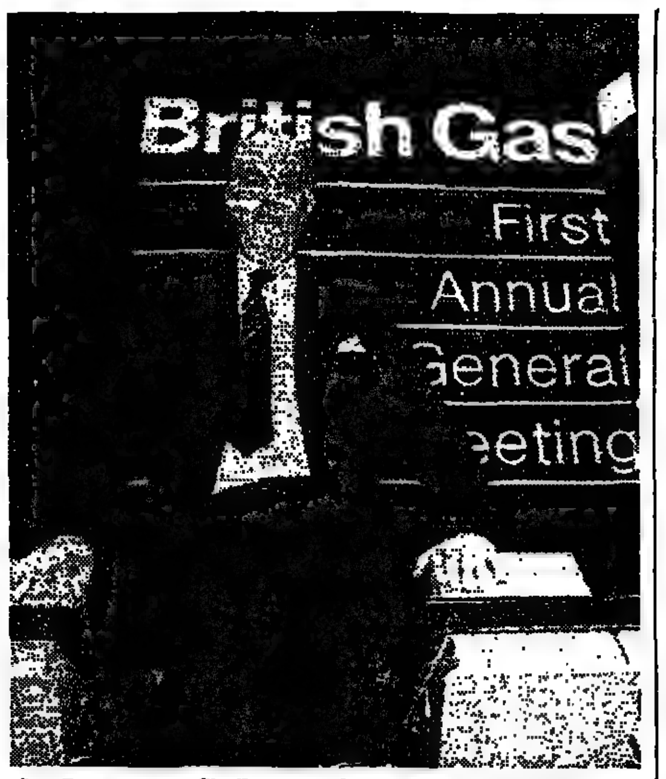
A break down ofthe profit showed building and Civil engineering £6.6m (£8.1m), mechanical and electrical engineering £3.2m (£2.3m), and property development and housing £3.3m (£2m).

Fairclough Building performed strongly, taking advantage of the buoyant south eastern market. Results of civil engineering were reduced because of the start-up costs of several new major contracts.

Performance from the mechanical and electrical enginering companies was encouraging and profits were on the upward trend.

● comment

The fall in Amec's civil engineering's profits could attract too much attention. Under Alan Cockshaw's direction the group is clearly repositioning itself so that within a couple of years property development and housing will be challenging for leading profit centre status and the civil side will have learnt to cut its suit to fit the cloth. House build, through 50 per cent owned associate Fairclough Homes, should double by 1988 to 2,000 units and the development portfolio carries a £130m sale price tag. However, the first gains from property development will not flow in until next year and in the mean time the lumpiness of conservatively taken contract profits will have an erratic impact on the pre-tax line. Further, interest received will fall as the average cash balance this year will be around half that of 1986 due to a circa £50m spend on housing and development sites. On forecasts of £34m, the shares at 342p are on a prospective p/e of 10; for 1988, £41m pre-tax would produce a multiple of just over 8. Factoring in market ratings for the group's divisions for 1988 suggests that the shares could be as much as 70p short of justice.



Gas Get-together: Sir Denis Rooke, British Gas chairman, at the National Exhibition Centre in Birmngham for yesterday's first annual meeting of shareholders

UK Land buys £52m property portfolios

UK LAND has bought three portfolios of mixed commercial property and an industrial estate for £52m.

The biggest transaction was with Slough Estates, for £35m. The other sellers were National Provident, Sun Life and Legal and General, all of which are insurance groups.

A quarter of the properties are in the London area and 72 per cent of them are in the south-east outside London, said Nelson Bakewell, the surveyors which advised UK Land.

Most of the properties have been acquired for dealing purposes. The total rent roll is worth £3.6m a year.

The acquisitions represent a major addition to the UK Land portfolios, which in September 1986 were valued at £7.3m.

UK Land paid for the acquisitions out of its own resources and with bank facilities. Its shares yesterday were unchanged at 710p.

Inoco £14m rights and disposal

BY PHILIP COGGAN

Inoco announced a further stage in its reconstruction yesterday with a £13.8m rights issue and details of the sale of its Colombian oil and gas interests to Jackson Exploration.

The group joined the market in November 1985 with interests in oil and gas but the fall in the price of oil and a failed bid for a similar company, Petranol, blighted the prospects of the group.

Earlier this year, Inoco built up its asset base by acquiring properties worth £26m and the proceeds of the rights issue will be used to pay off the bulk of its £16.7m worth of borrowings.

Consideration for the sale of the Colombian interests will be 21m ordinary shares in Jackson, leaving Inoco with a 20 per cent stake.

Mr David Hudd, who was appointed chairman and chief executive in March, said that the Colombian sale would cut overheads and with the rental income from its properties and its remaining US oil and gas interests, Inoco would now have a strong asset base and cash flow.

Under the three-for-five issue, the rights shares are being offered at 45p compared with the 62p at which the shares closed on Wednesday.

The issue is being underwritten by Interallainz Bank, Zurich, apart from 6m shares which are being taken up by the Monaco Group Fund, leaving the latter with a 19 per cent stake in the enlarged group.

Inoco also announced its interim results which showed a small loss of £33,000 in the six months to June 30. Gross profit was £171,000 (£404,000) on turnover of £710,000 (£1.03m) and net rental income on the group's property portfolio was £248,000 (nil).

But after deducting administrative expenses of £264,000 (£375,000), interest payments of £188,000 (£18,000) and taxation of £28,000 (£70000), the loss per share was 0.17p (0.8p).

Keep's shares suspended as reorganisation talks begin

BY CLAY HARRIS

Keep Trust, industrial holding group with interests including motor dealerships and playground and abbatoir equipment, yesterday asked for its shares to be suspended because of discussions about a possible substantial re-organisation.

The suspension followed a sharp rise to 550p, for a market value of £37.7m.

Keep said the proposals would not involve a bid for its ordinary shares. It is also unlikely that a straight-forward acquisition is envisaged, although Keep said it expected to emerge with additional assets.

Floated as an authorised investment trust in 1980, Keep abandoned that status two years later when it won a contested takeover for Dorada Holdings, motor trader and engineer.

It subsequently took advantage of a change in legislation to buy 15 per cent of its own shares in the market, the maximum allowed in one year without making a tender offer to shareholders.

In 1986, Keep achieved pre-tax profits of £2.71m on turnover of £77.7m.

LET in £7m Hong Kong deal

LONDON AND EDINBURGH Trust, UK property company, is to establish a Hong Kong division with the acquisition for HK$88m (£6.9m) of a 67.2 per cent stake in AGIFEL properties, a Hong Kong-quoted company.

LET bought the holding of 83.49m AGIFEL shares and 41.14m warrants from Arabian Gulf Investments (Far East). It plans to retain the company's Hong Kong quote, and intends to use it as a base for expansion in the Far East.

Refuge premiums up to £77m

BY NICK BUNKER

Refuge Group, the industrial life assurance company, has raised its interim dividend by 15 per cent to 5.75p, after a 14 per cent rise in total life premiums to £77.06m in the six months to June 30.

Refuge does not report an earnings figure until after the year-end actuarial valuation. The share price closed up 13p at 551p last night.

Manchester-based Refuge said ordinary branch new annual premiums rose 60 per cent to £3.98m, mainly because of sales for two months earlier this year of a new five-year-term endowment policy.

Total ordinary branch premiums were up 12 per cent at £18.58m. Premiums for unit-linked products rose from £16.91m to £22.14m.

Industrial branch premiums were £36.41m (£34.31m), with new annual premiums virtually unchanged. Refuge also reported a jump from £92,000 to £287,000 in pre-tax profits from Marlborough Court Fund Managers, which manages three unit trusts.

The group made an £87,500 after-tax loss on RLJ Finance, its personal loan operation.

On the non-life insurance side, premium income rose from £6.09m to £7.36m.

● comment

Two ancient sets of fortifications protect Refuge from potential predators. Some 22.8 per cent of the shares are in the hands of three old friends —a Canadian life company, Refuge's fellow industrial life office Britannic, and the Proctor-Pearson family. Also, Refuge's almost total dependence on its 1,600-strong home service agency sales force makes it an unlikely bid target, given the administrative dead weight of door-to-door premium collection. So Refuge was expensive even before yesterday's 18p climb. Wood Mackenzie's mutualisation price estimates value it at perhaps 450p as a going concern. Investors at 551p are making a big act of faith in the Refuge's new ventures — personal loans, unit-linked life sales, and cricket sponsorship. On an expected £8.75m after-tax profit and 18p dividend for the full-year, the gross yield however is an attractive 4.5. One worry is that life profits were last year only 92 per cent of dividend costs, after a decline from 108 per cent in 1981, so a deterioration in non-life results would pose problems. Yet the Refuge has an intriguing strength: that because it has stuck to its home service roots it now has nothing to fear from the Financial Services Act.

Bullers in loss midway

Bullers, which embarked on a programme of disposals and acquisitions during the past financial year, yesterday revealed that it had run up a loss of £172,000 pre-tax for the first six months of 1987 compared with previous profits of £432,000.

However, after taking into account an extraordinary profit of £1.05m on the sale of Unilator Technical Ceramics in June, and provisions for tax and dividends, the Berkshire-based group ended the half year with a retained profit of £662,000.

The directors pointed out that disposal and acquisition programme had resulted in the group's business consisting solely of subsidiaries engaged in the manufacture and sale of high quality of consumer products.

As a result of the seasonal nature of these businesses turnover and profits would now be weighted towards the second six months.

Turnover for the first half fell to £3.97m (£4.7m).

Loss per 25p share worked through at 1.57p (earnings 3.04p). The interim dividend is being held at 0.5p net.

UK COMPANY NEWS

Brodian's new terms given the brush-off by Buckley's

BY NIKKI TAIT

Brodian, a nominee company representing the personal interests of Mr Peter Clowes and Mr Guy Cramer, yesterday raised its cash-only bid for south Wales brewery, Buckley's, from £26.6m to £28.07m.

But the new terms—185p a share against 175p previously—received a further rebuff from the Buckley's board. Mr Colin Thomas, managing director, said the revised offer was still inadequate and the board strongly advised shareholders to take no action. Buckley's shares closed 4p higher at 179p.

The higher terms came as Brodian announced that its earlier offer had attracted acceptances on behalf of just 3.41 per cent of Buckley's shares by Wednesday's first close. Added to the 29.99 per cent stake held by Mr Clowes and Mr Cramer, that gives them control of 33.4 per cent of Buckley's equity.

Mr Cramer said yesterday that the original offer from the duo—both directors of James Ferguson Holdings—had had some success in picking up smaller shareholders but had not proved attractive to the more substantial investors.

"We've talked to these people and felt that 185p was the level at which they would begin to accept," he commented.

The new offer, however, has not been declared final. "We want to keep our options open," said Mr Cramer, hinting that a loan alternative might be considered in the future.

The additional cost of the higher bid will be met from increased bank facilities, provided by Brodian's advisers, Singer and Friedlander. When the initial offer was made, Brodian said that S and F would provide a £5m facility, and the remaining finance would come from the two men's personal resources.

Yesterday, Whitbread—which holds a 21.7 per cent interest in Buckley's and which was opposed to the previous terms—said it was too early to comment on the increased offer.

A further 6 per cent interest is held by Whitbread Investment Company, the separately-quoted investment trust, which holds a number of interests in regional brewers.

PR boosts Charles Barker interims 43% to £2.3m

THE continued strength of Charles Barker's PR business and the outstanding contribution from the human resources businesses are reflected in a 43 per cent jump from £1.57m to £2.25m in pre-tax profits for the six months ended June 30.

Mr Antony Snow, chairman, said the first six months was most satisfactory.

Turnover during the period rose from £39.91m to £53.04m with operating income up 40 per cent to £16.06m. Tax took £898,000 (£659,000) and minorities £24,000 (nil) leaving attributable profits of £1.33m (£910,000). Stated earnings per 5p ordinary were 6.4p (5.0p) basic and 5.6p (4.9p) fully diluted.

The interim dividend is raised from 1p to 1.1p; the total payment for 1986 was 3p.

● comment

Charles Barker received plaudits for the acquisition of Norman Broadbent at the time of its flotation and in hindsight the purchase looks better and better. A strong performance from the awfully-named "human resources" division — which includes Broadbent — disguised a poor first half in advertising, as the key companies shifted offices. Although the company hopes that advertising revenues will pick up in the second half, helped by new clients won in the early months of the year, the decision not to publish billings figures is indicative of the revised thrust of the group. Whether the improved PR performance will survive the well-known fissiparous tendencies in the sector is hard to assess but Barker, which was founded in 1812, should be more experienced than most in holding on to key staff. Pre-tax profits may hit £4.1m for the full year putting the shares at 203p on a prospective p/e of 17.5, which seems fully to reflect the growth prospects.

Robertson Research cash call

BY FIONA THOMPSON

Robertson Research, supplier of consultancy and technical services to the petroleum, mineral, agriculture and water industries, is to raise £8m by a 2-for-13 rights issue. Up to 4.5m new ordinary shares will be issued at 184p each.

The funds will allow greater flexibility for future expansion, the company said. In addition to developing existing activities—by acquisition, where appropriate — Robertson aims to diversify into forestry management and consultancy.

Existing areas to be developed include environmental consultancy, remote sensing, geothermal technology, cartography and specialist publishing.

The company will also be able to increase its provision of management and technical services in the mineral sector, in which it has recently expanded its direct investments. The group has acquired interests in base and precious metals in North America and is negotiating further purchases in South America, Spain and the Caribbean.

Directors have limited the total cost of such investments to 20 per cent of the group's net assets, so the new money means the activities can expand.

The issue has been underwritten by Kleinwort Grieveson Securities.

In the year to March 31 1987 Robertson made pre-tax profits of £4.8m.

Finlan in contested £2.4m bid

BY DAVID WALLER

Finlan Group, the paper and building materials distributor, is set to become embroiled in a contested takeover battle for Baltic Saw Mills, a private company based in Tunbridge Wells.

Although Baltic's shares are not traded on any stock exchange, they are owned by numerous shareholders who have recently received an unsolicited offer

Finlan yesterday announced its firm intention to make a bid for Baltic which would value it at no less than £2.4m.

Motor division boost for Barr & Wallace Arnold

A 14 per cent rise in operating profits by the motor distribution division helped Barr and Wallace Arnold Trust to improve interim pre-tax profits from £161,000 to £609,000. The figures also showed a substantial fall in losses in the holidays and leisure division.

Turnover for the six months to June 30 rose to £71.12m (£67.19m) and earnings per share came out at 6.4p (1.4p). The interim is being raised to 3p (2p) but the directors said the increase was partly to achieve the objective of making the interim payment a third of the total.

Operating profits were £727,000 (£512,000) breaking down as to motors £930,000 (£815,000), leisure and holidays £303,000 loss (£486,000 loss) and fuel distribution £100,000 (£183,000). Last time pre-tax profits were stated after allowing for losses on discontinued activities of £176,000.

Mr Malcolm Barr, chairman, said that he expected another good year for the motors division. He added that leisure and holidays showed a useful improvement in the first half and hoped that it would make a profit in the full year.

He warned, though, that it would not be large because of currency trading losses and weak trading on continental tours in July, August and September.

Fuel distribution would remain difficult during the rest of the year. However Mr Barr added that the second half result would be up on the same period last year although still below what it could achieve.

LEC partial recovery with £1.1m midway

A GOOD, if partial recovery, was achieved by Lec Refrigeration with pre-tax profits up from a depressed £782,000 to £1.11m in the six months to June 30. In the corresponding periods of 1985 and 1984 profits were £1.32m and £2.13m respectively.

The directors said the improved results reflected the continued progress made since the gold and silver product ranges were launched in autumn 1986. They were hopeful that trading for the remainder of 1987 would exceed that of the second half of last year — pre-tax profits for that period were £1.26m.

Turnover in the first six months was up 13 per cent to £26.78m (£23.79m); tax charged was £390,000 (£265,000) with earnings of 11.86p (7.72p).

The interim dividend is maintained at 4p per 25p ordinary.

Trent surges to £750,000

RESOLUTION of a dispute between its subsidiary, Leaderflush Doors, and a local authority which last year resulted in an exceptional debit of £494,689 helped Trent Holdings to push taxable profits up from £135,300 to £752,440 in the 12 months to March 31 1987.

This time round there was an exceptional credit of £80,395 for the Nottingham-based door manufacturer.

Turnover advanced from £6.74m to £7.92m and the directors proposed an unchanged final dividend of 0.69p, giving the same total—1.15p—as last year. Earnings per share rose substantially, from 1.43p to 7.6p.

Mr Geoffrey Simon, chairman, confirmed that discussions were being held with a number of parties following the informal approaches which were reported at the interim stage. Demand remained buoyant throughout the group, he added.

Tax took £229,488 compared with £36,671 last time.

COMPANY NEWS IN BRIEF

HODGSON HOLDINGS, USM-quoted funeral director, is buying Tovey and Morris of Newport, Gwent for £160,000 cash. It is the second acquisition this month and the tenth this year. Directors said a further announcement would be made next week.

HENRY BARRETT Group, steel services, steel building and engineering, has bought for £420,000 cash the assets of Goodman For Steel, steel stockholder, from receivers Cork Gully. It is Barrett's second purchase since its May flotation.

SCOTTISH INVESTMENT Trust: Net asset value per 25p stock unit was 625.2p at end-July 1987, against 483.1p nine months previously and 538.7p at end-April 1987. Pre-tax revenue for the nine months to July 31 was £6.3m (£5.99m).

WCRS GROUP: Annual meeting told that board had applied to have company's sharestarded in form of American Depositary Receipts on NASDAQ system in US. It was anticipated that quotation would be obtained towards the end of 1987. Move does not include issue of any new shares.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims: Ayrshire Metal Products, Macdonald Martin Distilleries, PLM, Peek.

Finals: Hidong Estate, Royal Trust Government Securities Fund.

FUTURE DATES

Interims—	
Asset Trust	Sept 7
Bedford (William)	Sept 2
Brammell (C. D.)	Sept 7
British Gas	Nov 19
British Mohair	Sept 10
British Printing and Communication	Sept 2
Cadbury Schweppes	Sept 3
Elys (Wimbledon)	Sept 4
Expamet International	Sept 8
Gestetner	Sept 24
Goal Petroleum	Sept 8
Hawley	Sept 8
Home Counties Newspapers	Sept 10
Invergordon Distillers	Sept 7
Ipeco	Sept 1
Linread	Sept 7
Morgan Grenfell	Sept 3
Oriflame International	Sept 22
Peninsular and Oriental Steam Navigation	Sept 9

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UK COMPANY NEWS

Richard Tomkins looks at the remarkable turnround in the fortunes of Alba

Making the most of new confidence

ONE OF the oldest names in UK consumer electronics is set to mark its resurgence from near-oblivion with a flotation on the stock market next month.

Alba, an audio and television company founded some 70 years ago, is coming to the market through a placing sponsored by stockbrokers Alexanders Laing & Cruickshank which will value it at about £40m.

The company supplies a wide range of audio, television and video products both under its own brand names—Alba and Harvard—and under customers' own labels. It is at the budget end of the market, supplying the big mail order companies and high street retailers such as Dixons, Comet, Woolworth and Currys.

Alba's roots go back to 1917 when it made its first wind-up phonograph. In later years its range of radiograms, record players and television sets made it a household name across the country.

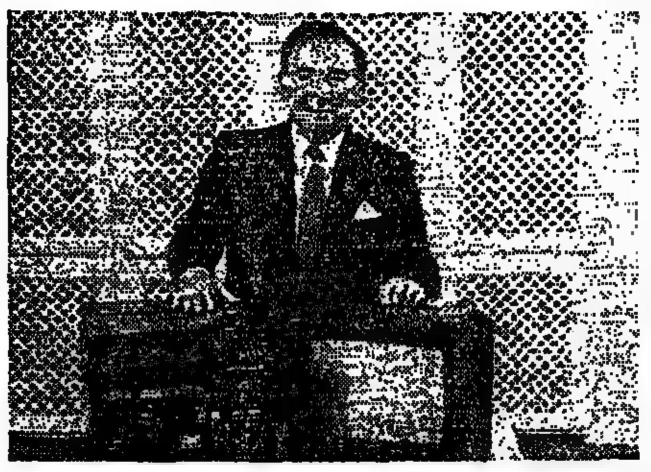
In the 1970s, however, as imports of consumer electronic goods began to flood into Britain from the Far East, Alba found itself floundering amid the competitive onslaught. By 1982 it was in the hands of the receivers, and the Alba name looked as though it was going to pass into history.

Salvation came in the shape of Harvard International, a trading company the main business of which was importing consumer electronic products and giftware from the Far East. Its chairman, Mr John Harris, was attracted to Alba because it would give his group two valuable new facets: its own UK manufacturing capacity, and an established brand name. In August 1982, he bought Alba out.

The group now being floated on the stock market consists of both the original Alba and Mr Harris's import business. A new holding company has been formed under the Alba name with three subsidiaries: Alba Radio; Harvard International; and the Hong Kong-based Harvard Maritime, which is the group's Far East agent.

The Alba of today is a very different company from the one which went into receivership. The old product ranges, which Mr Harris says were not sufficiently price competitive or innovative, were completely redesigned. Further, the combination with Harvard gave Alba access to a wide range of overseas suppliers which could compete with Alba's own factory on price and efficiency: only about 20 per cent of the company's products are now sourced in the UK, though the proportion is rising.

Products now selling under the Alba name include hi-fi systems selling in the price range of £70 to £400, video cassette recorders and small-screen televisions selling for £50 to £300, and a wide range of radios, cassette recorders, personal stereos and clock radios selling for under £100.



Mr John Harris, executive chairman and managing director of Alba

The Harvard name has been retained mainly for a range of car radios and cassette players, but it is also used for some of the ranges of giftware products which the group continues to source either in the UK or Hong Kong.

The merger of Harvard with a company then in the hands of the receivers was not without its costs. The prospectus for Alba's flotation wil show three years of pre-tax losses, reaching £1m in the year to June 1985, as the new management fought to re-establish Alba in the market-place. In 1986, however, the group turned in pre-tax profits of £1.5m and in the year to June 1987 the figure rose to more than £3.5m.

Mr Harris, now group chairman and managing director, does not consider that this turnround is attributable simply to the consumer boom.

"I attribute it to getting the range, the pricing, and the features correct," he says.

"We also had to acquire the confidence of our customers who had seen the company go into decline, and in some cases failing to deliver towards the end. They had to develop new confidence in us, and we are now getting the full value of that."

Another growth area is the export business to Europe, which is proving particularly buoyant and now accounts for about 22 per cent of sales. The importance which Alba attaches to styling is reflected in the way it adapts its products to suit the particular tastes of individual countries. Getting the cosmetics as well as the electronics right is essential to a product's success, he says.

Although an element of gimmickry seems to be a feature of many of Alba's products — graphic equalizers, twin cassette decks with high-speed dubbing, and large numbers of knobs and dials are much to the fore—the company regards quality as an important element of its recent successes and recoils against suggestions that it is at the bottom end of the market.

Its main competitors, it says, are Bush, Amstrad, Philips, Sanyo and Sharp—all respected names in the high street. There may be more expensive brands on the market but Alba is not ashamed of its populist approach: "If JVC is a Jaguar then we are a Ford Escort," it offers in an attempt to give perspective.

All sides help Dunton to double profits

Despite disappointing profits from its associate, the pre-tax result at Dunton Group, USM-quoted property developer, brick manufacturer and civil engineering contractor, more than doubled in the year ended May 31.

On turnover ahead from a restated £1m to £2.12m, taxable profits jumped from £201,853 to £489,153, with increases made in all areas. Mr Alan K. Sore, chairman, looking ahead, said that overall prospects across the group encouraged him to anticipate another good year.

The directors are recommending an increase in the total dividend to 0.5p (0.4p) with a 0.3p (0.24p) final. Earnings per 5p share rose from 0.82p to 1.84p basic, and from 0.73p to 1.53p fully diluted.

Profits of the associate, Harman (Chesham), at £195,000, were well below the forecast made by Harman at the time. Dunton took its 30 per cent stake.

Combined Lease hits £1.5m

Combined Lease Finance, subject of an offer for sale in April 1986, yesterday reported a £445,000 increase to £1.51m in pre-tax profits for the half year to June 30 1987

The directors said business had continued to be buoyant during the first half and profit margins and quality of business had been maintained. The financing of business cars continued to represent the major area of growth and accounted quoted microcomputer manufac- for about 60 per cent of the group's new business.

This area of new business provided a favourable and fast cash flow but was not as tax efficient as longer term equipment leases. During the second half the board would give consideration to other leasing opportunities that were available so that any liability to tax that would otherwise arise could be deferred.

Group turnover in the first six months rose 49 per cent to £17.52m. Tax, which relates to advance corporation tax attributable to the dividend declared, amounted to £41,000 (£35,000). Stated earnings per share were 7.73p (6.44p).

The company has already announced an increased interim dividend of 0.58p (0.45p)

Alida held to 16% profit rise

A 16 per cent increase in midway pre-tax profit was recorded by Alida Holdings, the packaging group, on turnover up by 25 per cent.

Mr Rex Stone, chairman, said the polythene film division had achieved volume growth but margins had been reduced because of the frequent increases in raw material costs.

The increases, he said, had not been fully recovered in selling prices

In merchanting and distribution profits rose by nearly 30 per cent with a major improvement by the polymer distributing companies.

Turnover for the first six months of 1987 came to £22.48m (£18m) and the profit to £2m (£1.74m). Earnings were 11.7p (9.7p) and the interim dividend is lifted to 2.5p (2.25p).

The chairman viewed the future with confidence as the group entered its traditional busy second half. Demand for all products had increased rapidly and more success was achieved in lifting selling prices to counter the still increasing raw material cost.

Availability of raw material for making polythene film was becoming tight and it was not expected that raw material costs would fall as in the second half of last year, the chairman warned.

Catalyst on way to good year figures

In the first half of 1987 Catalyst Communications Group, engaged in marketing and media services and quoted on the Third Market, made a pre-tax profit of £302,000 on turnover of £4.14m.

The outlook for the second half was excellent, said the directors.

In the previous interim period — the nine months to end-June 1986 — turnover was £2.76m and profit £131,000.

Norsk Data success

Norsk Data, the Norwegian mini-computer manufacturer, has finally declared its bid for ailing UK office automation group, Wordplex, unconditional. Acceptances received under the offer currently total 69.4 per cent of the equity, which—added to Norsk's stake—gives the Norwegian company control of 80.5 per cent. The cash terms and share alternative remain open until further notice.

COMMODITIES AND AGRICULTURE

Rotterdam energy options shelved

BY LAURA RAUN IN AMSTERDAM

PLANS FOR an energy options exchange in Rotterdam have been shelved for the moment because of too little interest from the oil industry.

The European Options Exchange, the Amsterdam-based bourse that is backing the project, insists that a Rotterdam market for energy options or futures still will be launched. But the start-up has been delayed twice now, with the latest launch scheduled for this week, and critics say it may be too late.

The original plans were initially to offer an options contract on gasoil and then to follow with options on crude oil and other refined products. Physical delivery was to be made from supplies in the Antwerp-Rotterdam-Amsterdam (ARA) area, the world's largest agglomeration of oil refining. Rotterdam is a leading market for price-setting in the spot, or non-contract, market for crude oil and refined products.

But more recently plans were shifted to make settlement of the gasoil option in cash instead of physical product. Cash settlement was considered more attractive to the 50 exchange members who had experience on the European Options Exchange and none in oil trading. None of the Fl 25,000 seats was bought by oil interests.

Now Mr O. J. Verbeek, director of the energy options exchange, says various alternatives are being considered to attract petroleum traders and salvage the market. These include a move back to physical delivery and the introduction of futures contracts, which are more familiar to traders because of the popular energy futures on the New York mercantile exchange.

Several major obstacles remain. One is that London has gained a head start with its energy futures on the International Petroleum Exchange and the more recent introduction of energy options. Earlier this week the IPE and the New York Mercantile Exchange announced plans to look into the possibility of linking trading.

Another problem is that the European Options Exchange already has its hands full with other big initiatives, such as the recent launch of an option on the major market index and established of a separate financial futures market in Amsterdam. Still another hurdle is the delay in construction of a trading floor for a Rotterdam market, which was to be housed in the new world trade centre.

Mr Jan Oskam, the general secretary of the Netherlands Organisation for Oil and Coal Traders, said yesterday that traders have shunned the energy options exchange out of lack of familiarity with options and doubts about the market's organisation. "Its not a question of whether options come first and then futures or vice versa or whether you have cash settlement or physical delivery," he observed. "You must instill confidence, convince the traders that it can be done and that means starting. You can't be a success unless you start."

JAPAN'S MINISTRY of International Trade and Industry (MITI) is considering deregulating certain commodity futures markets which it oversees, including precious metals, Reuter reports from Tokyo.

Mr Keiji Miyamoto, director of MITI's Commercial Affairs Office, said plans include increasing the number of contracts which members and non-members may hold in individual markets. Current limits on maximum open positions per investor vary from market to market.

MITI is also considering allowing eligible foreign futures brokers to join futures markets under its supervision.

The plan aims to help expand domestic commodity futures markets amid the globalisation of futures trading, Mr Miyamoto said.

MITI and the Agriculture and Finance Ministries share control over Japanese commodity futures trading. MITI regulates gold, silver, platinum, rubber, cotton yarn, spun rayon and worsted yarn futures trading.

"Controls on commodities futures should be eased, depending on the commodity. Especially among precious metals, futures activity is getting bigger and more participants are joining trading," Mr Miyamoto said.

Boliden acquires Spanish mine group

By Sara Webb in Stockholm

BOLIDEN, the Swedish mining, metals, and chemicals group, has acquired the Spanish mining company, Andaluza de Piritas, from Banco Central, one of the leading Spanish commercial banks, for an undisclosed sum.

Andaluza de Piritas gives Boliden a foothold in Spain which, according to a Boliden official is "one of the few interesting new mining areas in Europe for us, along with Portugal."

Andaluza de Piritas, which is based in south-west Spain, has an ore dressing plant and an open pit complex ore mine which contains zinc, silver, copper, lead and pyrite.

Boliden has agreed certain concessions which would enable it to conduct further exploration in the area and said it hopes to find other new mines nearby.

The Spanish company's annual ore output is about 2m tonnes, with zinc accounting for about half of that.

It has annual sales of SKr 400m and employs a workforce of 500. Boliden believes it can run the mining company profitably. Mr Kjell Nilsson, managing director of Boliden, said he believed that given current metal prices and the amount of mineral reserves known today, the mine could remain in operation until well into the 1990s.

Kuwait spot crude ban

KUWAIT HAS suspended all spot crude sales worldwide until further notice, a Kuwait Petroleum Corp (KPC) spokesman said yesterday.

The ban, which came as a directive from top management in Kuwait, was effective immediately, Reuter reports. It covered sales of crude volumes surplus to contract sales commitments plus exchanges of Kuwaiti crude for other grades, the spokesman said.

He declined to comment on how much crude KPC's spot sales involve, or give a reason for the suspension.

Kuwait's July crude output was estimated at 1.3m barrels per day, above its Opec quota of 996,000 bpd, a Reuter survey showed.

Brazil sets castor oil minimum

BY RIK TURNER IN SAO PAULO

BRAZIL WILL begin selling stockpiled castor oil as soon as the price on the Rotterdam market reaches $950 a tonne, according to Mr Michael Suchorzewski, an official of the state-owned Produce Finance Company (CFP).

That is the minimum price set for the sale of 28,677 tonnes of the oil earmarked for disposal last month.

Sales will be in 2,000-tonne lots, spaced between two and four weeks apart.

The Rotterdam price has been steady at about $915 a tonne for some time now, but Mr Suchorzewski expects the market to become more bullish in response to a small Indian crop, forecast at no more than 180-200,000 tonnes of beans (of which some 120,000 tonnes will be required for the domestic market), and reduced Brazilian production this year.

Those two countries normally supply about 90 per cent of the world market for oil.

Earlier this month the CFP reduced its estimate of the Brazilian crop from between 150,000 and 160,000 tonnes to between 110,000 and 120,000 tonnes. But its price threshold has been calculated on the basis of a still lower crop figure.

As the bean/oil yield for Brazilian seeds is 45 per cent even the current estimate would leave the country with no more than 54,000 tonnes of oil from the current crop, while domestic demand is steady at 15,000 tonnes/year.

Indeed, with the domestic market price for oil reacting to the tight supply situation, Mr Suchorzewski did not rule out the possibility that part of the 28,677 tonnes of stocks to be sold off may go to local industry, provided the Cruzado price matches up to the dollar threshold.

India's domestic market for castor meanwhile makes much greater demands on that country's production capacity, and exports there are controlled by the government, which only allows them to take place once domestic requirements have been met.

In the expectation that tight supplies will create a bullish trend in the market Brazil is sending a clear signal to consumers that if they want to buy what little oil it has available they will have to pay a remunerative price for it.

Third world debt plan proposed

BY JOHN MADELEY

WHEN AFRICAN Finance Ministers meet in Addis Ababa from September 7 to 11, to discuss the continent's debt crisis, they will be considering a proposal that would boost agriculture through debt relief.

The proposal was made last month at the UN Conference on Trade and Development (Unctad) in Geneva by Mr Idriss Jazairy, President of the International Fund for Agricultural Development (IFAD).

Mr Jazairy suggested that industrialised countries allow developing countries, particularly in sub-Saharan Africa, to reimburse part of their official bilateral debts in local currencies.

These funds, he said, could then be placed into an internationally managed development fund for reinvestment in agriculture and rural development projects. They would be managed, proposed Mr Jazairy, by an external multilateral organisation such as IFAD in close consultation with governments and non-government organisations.

African countries could decide to push for the Jazairy scheme and relieve some of their debt burden and release more funds for agricultural projects. Aid from donor countries for third world agriculture fell from $9.9bn in 1984 to $9.2bn in 1985.

Mr Jazairy believes that the proposal would give industrialised countries the chance to give concrete expression to the general ideas for overcoming the debt problem that were considered at the seven-nation summit in Venice this year.

Canadian grain stocks up 50 per cent

BY DAVID OWEN IN TORONTO

THE RECORD Canadian wheat harvest of 1986 has swelled the stocks in the nation's grain bins by about 50 per cent from year earlier levels, according to Statistics Canada figures.

Farm and commercial stocks of Canadian wheat were 12.9m tonnes by July 31, the agency said, compared with just 8.6m tonnes a year earlier.

Stocks of a clutch of other grains, including durum wheat, oats, rye and flaxseed were also well up on 1986 levels. The steepest increases were for durum wheat, where stocks tripled to 1.62m tonnes from 554,00 in 1986, and flaxseed, where stocks nearly doubled, to 488,000 tonnes.

Stocks of maize, barley, rapeseed and soya beans declined from year-earlier levels. In most cases, however, reductions were relatively slight.

Meanwhile, the Ontario Wheat Producers Marketing Board has announced that for the first time in 14 years the province's soft white winter wheat growers will not receive a final payment for their crop.

Under Ontario's wheat pooling system, farmers are given an initial payment when they sell their wheat to the board, followed by an additional amount if the eventual selling price exceeds what the board paid for the grain.

This year, it seems, the board received an average of C$110 per tonne for the wheat—a figure which barely equalled its initial buying price.

Dubai's informal gold traders

BY ANGELA DIXON

ON DUBAI'S Creek stands a large building, its glazed cladding glittering in the reflected light from the water. It is known as the Gold Building, and not only because of its colour. It was from here that in the past, merchants could peer out of the upstairs windows to keep an eye on the gold from the vaults of the building being loaded onto dhows—the traditional wooden trading ships of the Gulf.

The bulk of the gold passing through Dubai goes to India, where tradition and new wealth combine to create an increasing demand. Indian families still prefer marriage dowries to consist of solid gold, and a rising middle class—some 100m strong—has the money to pay for it. A series of good harvests in India from 1982 to 1984 also boosted gold purchases in the subcontinent.

Imports of gold come mainly from Switzerland, with some from London. Figures vary and official statistics do not tell the whole story, but up to 100 tonnes of gold can pass through Dubai in a single year. A fresh source of gold for Dubai is the raw metal produced in the African front-line states, some of which is no longer sent to South Africa to be refined. It is estimated that Dubai's gold turnover in a single year touches the billion-dollar mark. "Dubai's fortunes depend on the Indian market," said one banker. "Gold will continue to be a very important component of Dubai's trade."

Although India imports gold from other sources, for example Hong Kong, the US, Britain, Singapore and Canada, Dubai supplies between 70 and 80 per cent of the Indian demand.

Many banks, both foreign and local, are involved in the trade. But they buy on a consignment basis on behalf of customers—they do not trade on their own account. Citibank handles around a quarter of Dubai's imports and the locally-based Bank of Oman has always had a slice of the market. Union Bank of the Middle East (UBME) also takes consignments, while Middle East Bank (MEEB) recently applied for a permit to do so. Additionally quite a large proportion of the trade is in the hands of traditional traders, running their own import business, on the same basis as importers of motor cars, spices or textiles.

At the airport, security is tight from the moment the gold is offloaded from the plane until it is signed for by the consignee in the presence of airline officials and airport police. Then a surprising informally often takes over, and the metal is handled with a casualness born of long familiarity.

Often a trader will send a messenger to collect boxes of gold from the airport by taxi. He will then as often as not, ask the taxi to wait in the street below as he unloads the boxes and carries them upstairs one by one.

Modest offices belie the size of the turnover of some of these companies. At the top of a flight of narrow stairs, one walks straight into an unpretentious room, often overlooking a busy street full of shops selling anything from cooking pots to plastic sandals. Here, trades worth several millions of dollars are transacted daily. The trader takes a small percentage on each consignment but even, say, two per cent of a million dollars is a sizeable sum.

Dubai's gold comes mainly in the form of ten-tola bars. One of these is about the size of a lady's cigarette lighter, usually marked .999 fine and stamped with the name of a famous Zurich or London supplier.

The informality is perhaps a good illustration of the trust upon which the whole system is based. Mr Zahed Ashraf, of Eastern Traders, which handles around 19 per cent of imports, says: "If the price fluctuates either up or down between the signing of the agreement and the day that we buy the gold, allowance is made for it in the succeeding transaction." Customers do not normally buy on a one-off basis — there is a continuing relationship.

Customs duty is payable when gold is imported into India, and undoubtedly attempts are made to import illegally. Hardly a month goes by without a report of a gold haul by the Indian authorities. Much of this illegal trade is carried, in the traditional way, on motor-powered dhows.

Exporters spread the risk by splitting and sharing consignments. It is reckoned that perhaps one dhow in ten carrying illegal gold attempting to evade customs is likely to be caught. Nevertheless, it seems still to be a worthwhile exercise—the mark-up can be as high as 25 per cent depending on prevailing exchange rates.

LONDON MARKETS

COFFEE PRICES on the London futures market continued to gain ground yesterday. But the pace of the rise, which was never breathtaking, slowed a little. Once again spill-over speculative buying from the New York market was a leading feature as London's November position added £8 to Wednesday's £16 rise to reach a fresh 3-month high of £1,335.50 a tonne. Reports of growing pressure on the Brazilian authorities to seek agreement on the resumption of International Coffee Agreement export quotas at next month's meeting of the International Coffee Organisation continued to underpin the bullish tone. In sharp contrast the December cocoa futures position ended the day £14 down at £1,307.50 a tonne after a bout of speculative profit-taking and hedging sales. Sterling's firmness against the dollar also weighed down cocoa values as did reports of rainfall in Brazilian growing areas, where lack of moisture had been causing concern.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial (c)lose p.m. $ per tonne	+ or −	High/Low
Cash	1800-10	—	—
3 months	1705-15	+5	—

Official closing (am): Cash 1,805-15 (——), three months 1,710-20 (1,680-90), settlement 1,815 (——). Final Kerb close: 1,705-15. Ring Turnover: 2,050 tonnes.

99.5% purity	£ per tonne		
Cash	1055-7	−11	1066/1055
3 months	1027-8	−5	1035.5/1023.5

Official closing (am): 1,086-7 (1,084.5-5), three months 1,034.5-5 (1,024-5), settlement 1,087 (1,085). Final Kerb close: 1,025-6. Ring Turnover: 16,925 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or −	High/Low
Cash	1063-4	−3	1066/1065.5
3 months	1044.5-5	−3.5	1047/1042

Official closing (am): Cash 1,065-5.5 (1,062-3), three months 1,045-6 (1,036.5-7.5), settlement 1,066-5 (1,063). Final Close close: 1,043-3.5.

Standard			
Cash	1061-3	−2.5	—
3 months	1041-3	−4.5	—

Official closing (am): Cash 1,063-5 1,063:5 (1,062-3), three months 1,043-4 (1,035-7), settlement 1,065 (1,063). US Producer prices 79-83 cents a lb. Tota. (Ring Turnover: 31,775 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	419.5-20	+5.25	420/412
3 Months	394.5-5	+3.25	396/393

Official closing (am): Cash 417-8 (417.8), three months 393.5-4 (384.5), settlement 418 (418). Final Kerb close: 394-5. Ring Turnover: 9,750 tonnes. US Spot: 42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	3340-5	+15	3358/3335
3 months	3335-40	+5	3345/3320

Official closing (am): Cash 3,335-40 (3,330-5), three months 3,325-30 (3,335-40), settlement 3,340 (3,335). Final Kerb close: 3,335-45. Ring Turnover: 2,582 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	493-4	−2	—
3 months	492-2.5	−3	494/491

Official closing (am): Cash 490-1 (498-9), three months 490-1 (497.8), settlement 491 (499). Final Kerb close: 493.5-4. Ring Turnover: 5,450 tonnes. US Prime Western: 47.5-48.5 cents a pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—

		Calls Nov.	Calls Jan.	Puts Nov.	Puts Jan.
Aluminium 99.5%	1,625	—	—	41½	67
	1,650	68	55½	52½	101½
	1,675	56	47	—	—
Copper (Grade A)	1,650	—	—	39½	76½
	1,675	70	70	48	88
	1,700	57	60	—	—
Copper (Grade A) £/tonne	1,025	—	45	24	41
	1,050	33	34½	34	54
	1,075	23	—	—	—

Estimates.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.78 (——) ringgit per kg.

GOLD

GOLD BULLION (fine ounce)	Aug. 27	
Close	$454¼-455	(£279¼-279¾)
Opening	$458¼-459	(£283-283¼)
M'n'g fix	$458.25	(£282.435)
Aft'n'n fix	$458.75	(£282.117)
Day's high	$459¼-459¾	—
Day's low	$453-453¾	—

GOLD AND PLATINUM COINS

Am Eagle	$467-472	(£286¾-289¾)
Mapleleaf	$467-470	(£286¾-288¾)
Kr'g'rnd	$453-456	(£278-280)
½ Krug	$234¼-244¼	(£145¼-150)
¼ Krug	$116½-124½	(£71½-76½)
Angel	$464-467	(£284¾-286¾)
1/10 Angel	$45¼-50½	(£27¾-31)
New Sov.	$107-108	(£65¾-66¼)
Old Sov.	$107-108½	(£65¾-66¾)
Noble Plat.	$625-635	(£383¾-389¾)

INDICES

REUTERS

Aug. 26	Aug. 25	M'th ago	Year ago
1659.5	1660.5	1622.0	1453.2

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Aug. 24	Aug. 25	M'th ago	Year ago
Spot	129.26	128.14	—	117.98
Fut	131.43	130.65	—	120.66

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Aug. 27 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1800/820	+10	$1740/760
Copper			
Cash Grade A	£1055.5	−2	£1096.5
3 months	£1044.75	−5.5	£1078.25
Gold Troy oz	$454.75	−3	$459.25
Lead Cash	£419.75	+5.25	£409.5
3 months	£394.75	+3.25	£386.5
Nickel			
Free Mkt.	245/255c	+1	231/241c
Palladium oz	$140.25	+1.5	$143.60
Platinum oz	$609.75	+12.5	$598.00
Quicksilver†	$275/285		$235/245
Silver troy oz.	476.40p	−0.85	501.10p
3 months	488.75p	−0.85	512.25p
Tin			
free Mkt.	£4200/250	−20	£4140/170
Tungsten	$53.23		$53.69
Wolfram 22.6lb.	$43/55		$48/55
Zinc	£493.5	−2	£507
3 months	£492.25	−3	£502
producers	$860		$860
OILS			
Coconut (Phil)	$490x		$425
Palm Malayan	$325y	+5	$365
Seeds			
Copra (Phil)	$320t	−5	$280
Soyabean (U.S.)	$150.25x	+1	$156
GRAINS			
Barley Fut. Nov.	£101.15	−0.25	£100.50
Maize	£153.00		£160.00
Wheat Fut. Nov.	£103.80	−0.25	£102.25
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1307.5	−14	£1304.5
Coffee Ft. Nov	£1336.5	+8	£1226.5
Cotton A Ind.*	67.60c	+1	65.45c
Gas Oil Oct.	$157	+1.25	$169.5
Rubber (kilo)	70.25p		69.5p
Sugar (raw)	$146.8u		$151.5
Wooltops 64s	527p kilo	−15	485p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. T Sept. u Sept-Oct. y Nov.

SILVER

Silver was fixed 0.85p an ounce lower for spot delivery in the London bullion market yesterday at 476.4p. US cent equivalents of the fixing levels were: Spot 772.75c, up 2.75c; three-month 786.4c, up 2.75c; six-month 800.5c, up 2.8c; and 12-month 830-1c, up 2.9c. The metal opened at 479-480½p (778½-777½c) and closed at 482½-484½p (783-785c).

SILVER per troy oz	Bullion Fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	476.40p	−0.85	758c	−18
3 months	488.75p	−0.85	766.5c	−16
6 months	501.55p	−1.20	—	—
12 months	526.55p	−1.15	—	—

LME—Turnover: Nil (nil) lots of 10,000 ounces.

Three months final kerb 765-8c.

COFFEE

Robustas performed strongly again with persistent buying from commission houses, reports Drexel Burnham Lambert. In moderate volume levels came under pressure in the morning from light trade selling but, buoyed by arbitrage buying, levels closed on the highs of the day.

COFFEE	Yesterday close	+ or −	Business done
Sept.	1300-1305	+5.5	1300-1283
Nov.	1336-1338	+8.0	1336-1317
Jan.	1360-1361	+9.0	1361-1343
Mar.	1370-1375	+1.0	1380-1365
May	1395-1398	+4.5	1399-1388
July	1416-1425	−1.0	1422-1412
Sept.	1450-1460	—	1444-1448

Sales: 5,798 (5,686) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for August 26: Comp. daily 1979 102.74 (102.31); 15-day average 97.67 (97.21).

COCOA

Although almost two-thirds of the volume was self-traded, futures traded briskly within a £5 range until late in the afternoon when active profit-taking pared £17 off the highs of the day, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
Sept.	1267-1270	−9.5	1284-1268
Dec.	1307-1308	−14.0	1325-1306
March	1337-1338	−12.0	1355-1335
May	1357-1358	−15.0	1375-1357
July	1378-1379	−11.0	1392-1380
Sept.	1396-1400	−11.0	1415
Dec.	1417-1418	−11.0	1430-1418

Sales: 7,138 (5,718) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for August 27: 1,611.24 (1,616.95); 10-day average for August 28: 1,587.40 (1,582.90).

FREIGHT FUTURES

Futures rallied sharply again as news of a Gulf/Japan fixture for September/October at $17.00 circulated. The BFI also came in 8 points higher, encouraging further buying around the ring for prices to close just off the highs, reports Clarkson Wolff.

Dry Cargo	Close	High/Low	Prev.
Oct.	1183	1185/1090	1106/1119
Jan.	1168/1168	1165.5/1110	1110/1150
Apr.	1200/1220	1210/1180	1160/1188
July	1045	—	1030/1069
Oct.	1100	—	1075
Jan.	1100	—	1075
April	1200	—	—
BFI.	1110.5	—	1102.0

Turnover: 686 (717).

GRAINS

Wheat firmed in erratic early trading, touching 65p up on consumer/shipper buying before easing. Barley lost early gains to trade with sellers over, closing on the lows, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
Sep.	103.20	−0.15	98.15	−0.10
Nov.	103.80	−0.25	101.15	−0.25
Jan.	106.00	−0.25	103.70	−0.20
Mar.	108.90	—	106.05	−0.25
May	111.35	−0.25	108.05	−0.20
July	113.75	+0.10	—	—

Business done—Wheat: Sept 103.80-3.35, Nov 104.55-3.80, Jan 106.70-6.00, March 109.45-8.90, May 112.00-1.35, July 114.10. Sales: 401 lots of 100 tonnes. Barley: Sept 98.50-8.10, Nov 101.60-1.10, Jan 103.90, 3.70, March 106.30, May 108.40. Sales: 141 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Sept 94.00, Oct 95.50, Nov 97.25. US No 2 Soft Red Winter: Sept 88.25, Oct 91 75, Nov 93.75. French 11½-12 per cent: Sept 134.00-138.00, Jan/March 146.00 paid. English feed, fob: Oct/Dec 108.25 paid East Coast, Sept 105.00-108.00 buyer/sellers, Oct/Dec 108.50, Jan/March 111.50, April/June 116.00 sellers. Maize: US No 3 Yellow/French transhipment East Coast: Aug 153.00 seller. Barley: English feed: Sept 101.50-102.50 buyer/sellers, Oct/Dec 107.00, Jan/March 110.50 sellers.

HGCA — Locational ex-farm spot prices. Feed barley: E. East 93.30, S. West 96.20, W. Midlands 96.80, N. West 91.30. The UK monetary coefficient for the week beginning Monday August 31 will remain unchanged.

POTATOES

The market traded £1.00 down on bearish sentiment concerning improved weekend weather forecasts. However, an early rumour (still unconfirmed) that another incidence of Rhizomania had been identified in the Midlands sparked-off speculation about the possible introduction of potato washing. The subsequent burst of buying carried values nervously up to £133.00, but prices fell back to £131.70 midday. During a quiet afternoon the market drifted lower on lack of confirmation from MAFF, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov.	88.00	89.80	90.00-88.00
Feb.	97.80	98.60	—
March	85.50	85.50	—
Apr.	130.50	130.80	133.50-30.50
May	144.50	144.50	—

Sales: 585 (1,031) lots of 40 tonnes.

OIL

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel) Sept.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.15-17.25	+0.10
Brent Blend	18.25-18.35	+0.15
W.T.I. (1pm edt)	19.35-19.45	+0.025
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	180-183	
Gas Oil	155-157	+2
Heavy fuel Oil	97-99	+2
Naphtha	156-158	—

Petroleum Argus estimates

SOYABEAN MEAL

A rise in spot cash caused futures to move higher despite firmer sterling. Commercial selling was again evident at higher levels keeping prices in check, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or −	Business done
October	124.0-124.8	+0.20	125.8-124.8
Dec.	124.0-124.6	−0.30	124.7
Feb.	126.2-126.5	−0.20	—
April	127.0-127.5	−0.25	127.9
June	125.0-124.5	−0.25	—
August	125.2-125.5	−0.40	—
October	125.5-126.5	−0.50	—

Sales: 80 (224) lots of 20 tonnes.

US MARKETS

EARLY SELLING by locals forced crude oil prices lower but scale-down trade buying prompted commission house and speculative buying which caused local short-covering as prices rallied, reports Drexel Burnham Lambert. Precious metals fell on initial fund long-liquidation and trade selling in response to a weaker US dollar but short-covering held the declines. Copper made further advances towards the close with trade buying following earlier technical strength. Coffee firmed on trade buying and local short-covering which touched off commission house stops. Cocoa firmed on early commission house buying but the rally stalled at the highs, where the trade emerged as a seller, forcing commission houses to liquidate before profit-taking at the lows saw prices rebound. Orange juice firmed on commission house buying and speculative short-covering. Cotton continued firm on trade and speculative buying. Sugar was quiet and held to a narrow range. The grains remained firm across the board as concerns continued about wet weather in the Mid-West. Cattle prices were lower in the front months and higher in the backs as traders adjusted spread positions. Pork bellies were sharply lower on fears of large hog supplies, while hog futures eased slightly in response to lower cash prices.

NEW YORK

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
Sept	51.80	51.18	51.80	50.60
Oct	52.15	51.58	52.25	51.00
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lb, cents/lb

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

COTTON 50,000 lb, cents/lb

	Close	Prev	High	Low
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	7.11	7.12	7.12	7.06
Jan	7.42	7.42	—	—

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
Sept	79.75	79.50	80.00	79.75
Oct	78.80	78.00	—	—
Dec	77.80	76.75	77.80	77.10
Jan	76.55	75.80	—	—
March	75.00	74.25	—	—
May	70.90	70.15	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	Prev	High	Low
Sept	112.00	111.00	113.25	110.45
Dec	115.22	114.71	116.25	113.05
March	118.50	117.75	119.50	116.90
May	120.65	119.75	121.00	118.50
July	122.75	122.50	122.00	121.00
Sept	121.50	122.12	—	—
Dec	122.00	120.75	—	—

SPOT PRICES—Chicago loose lard 14.50 (same) cents per pound. Handy and Harman silver bullion 761.5 (772.0) cents per troy ounce. New York tin 317-318 (314-316) cents per pound.

COPPER 25,000 lb, cents/lb

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	Prev	High	Low
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jan	156.0	155.5	156.2	155.0
March	156.0	155.6	156.0	155.0
May	155.5	155.0	156.0	156.0
July	155.0	154.7	156.0	155.0
August	154.7	154.2	154.5	153.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
Sept	16.07	16.11	16.23	15.98
Oct	16.25	16.28	16.38	16.15
Dec	16.59	16.59	16.74	16.45
Jan	16.72	16.74	16.90	16.60
March	17.00	17.03	17.15	16.90
May	17.22	17.25	17.35	17.10
July	17.37	17.42	17.45	17.35
August	17.35	17.35	17.38	17.35
Sept	17.45	17.40	17.45	17.40

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
Sept	278.6	277.6	279.6	276.6
Dec	293.2	292.2	293.4	291.2
March	298.0	298.0	298.4	296.2
May	292.4	293.6	293.4	291.4
July	281.2	281.4	282.0	280.0
Sept	283.0	285.4	—	283.0

SUGAR

LONDON DAILY PRICE—Raw sugar $146.80 (£91.60), unchanged (up 20p) a tonne for September/October delivery. White sugar $181.00, down $1.00.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct.	126.8-127.0	126.8-127.0	127.6-126.0
Dec	135.5-137.0	135.2-138.5	135.9
Mar	146.8-146.8	146.2-146.4	147.6-146.0
May	150.8-151.0	150.2-150.8	151.2-150.4
Aug	154.8-155.5	154.4-155.6	155.3
Oct	159.5-160.0	158.0-160.5	160.2-159.5
Dec	165.0-167.0	162.0-166.8	—
No. 5 Whites			
Oct.	180.0-180.5	179.0-179.8	180.0-179.
Dec	180.0-180.5	179.0-179.5	180.0-179.
Mar	185.2-185.8	184.8-185.2	187.0-184.
May	188.5-188.8	188.0-198.5	190.0-189.8
Aug	192.0-192.8	190.0-191.4	192.0
Oct	195.0-196.8	195.4-196.4	196.0
Dec	198.5-201.0	159.0	199.8

Sales: No 6 2,276 (2,883) lots of 50 tonnes; No 5 2,094 (3,484).

Tate and Lyle delivery price for granulated basis sugar was £195.50 (same) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for August 26: Daily price 6.24 (5.31); 15-day average 5.67 (5.65).

PARIS—(FFr per tonne): Oct 1092-1094, Dec 1096-1099, March 1133-1134, May 1158-1163, Aug 1187-1193, Oct 1218-1223.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or −	Business done
Sept.	155.75	+0.75	158.25-55.25
Oct.	157.00	+1.25	158.75-55.50
Nov.	159.50	+1.25	160.00-57.25
Dec.	160.25	+1.75	160.75-59.25

Turnover: 6,707 (6,875) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 98.54p per kg lw (−0.55). GB—Sheep 155.23p per kg est dcw (+5.14). GB—Pigs 72.91p per kg lw (+1.03). GB—AAPP 98.31p per kg dw (−0.41).

FUTURES—Pigs: Oct 102.10, Nov 103.10. Sales: 2.

RUBBER

PHYSICALS—Closing prices (buyers): Spot 70.25p (same). Oct 69.00p (same), Nov 69.25p (same). The Kuala Lumpur fob prices (Malay/Singapore cents) per kg was RSS No 1 265.0 (264.5); SMR 20 235.5 (235.5).

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar loses ground

THE DOLLAR remained depressed by disappointing trade figures but failed to break out of its recent trading range because of fears about central bank intervention. The US current account deficit for the second quarter was a record $39½bn and coming on top of a wider West German trade surplus in July, dollar sentiment took another bad knock.

However there was insufficient impetus to push the dollar below levels regarded as a trigger for central banks to intervene. Nevertheless the dollar's undertone remained bearish and most traders were convinced that it was due for a further decline.

The dollar closed at DM1.8130 down from DM1.8250 and Y141.95 from Y143.05. Elsewhere it slipped to SFr1.4930 from SFr1.5035 and FFr6.0575 compared with FFr6.1025. On Bank of England figures, the dollar's exchange rate index fell from 101.6 to 101.1.

STERLING — Trading range against the dollar in 1987 is 1.6885 to 1.4710. July average 1.6096. Exchange rate index 72.3 against 72.1 at the opening and 72.0 on Wednesday. The six months ago figure was 69.9.

Sterling finished the day on a firmer note, partly in reaction to its recent decline but also as a reflection of firmer oil prices. There was speculation that higher interest rates would be necessary to control any overheating of the economy but there was really little incentive to carry any exposure over the long weekend and ahead of Tuesday's UK trade figures.

The pound rose to $1.6290 from $1.6170 and DM 2.9550 compared with DM 2.9500. It was unchanged against the yen at Y231.25. It was also unchanged against the Swiss and French francs at SFr 2.4325 and FFr 9.8875 respectively.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. July average 1.8480. Exchange rate index 146.6 against 148.0 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was fixed at DM 1.8203 from DM 1.8267 on Wednesday.

Once again the dollar was confined to a narrow range but its underlying sentiment remained bearish. However, there was a general reluctance to push the US unit outside its recent trading range for fear of attracting central bank support.

News that the US showed a record deficit in the second quarter of $39.5bn in the face of an increased West German surplus for July which rose to DM 9.9bn from DM 8.3bn added to the bearish tone.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. July average 150.25. Exchange rate index 224.3 against 209.4 six months ago.

Comments by various officials in the US and Tokyo failed to underpin the dollar in Tokyo and it eased to Y142.55 at the close from Y142.95 in New York and in Tokyo on Wednesday. Traders were wary of pushing the dollar much lower for fear of central bank intervention.

However, there was a general feeling that the fundamentals governing the dollar's bearish undertone were still in place and that the US unit was inevitably due for another downward correction.

There were no obvious signs of any intervention by the Bank of Japan but dealers stressed that the Bank had been active, making inquiries about rates and so bringing attention to its presence.

NIGERIAN NAIRA: The naira was lower at yesterday's fixing in Lagos. The US dollar rose to 4.08 naira from 3.9989 at the previous auction. All the $100m of offer were alloted.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug. 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0395	+1.37	+0.81	±1.5344
Danish Krone	7.85212	7.96965	+1.50	+0.94	±1.6404
German D-Mark	2.05853	2.07091	+0.60	+0.04	±1.0981
French Franc	6.90403	6.91881	+0.21	−0.35	±1.3674
Dutch Guilder	2.31943	2.33385	+0.62	+0.06	±1.5012
Irish Punt	0.768411	0.775757	+0.96	+0.40	±1.6684
Italian Lira	1483.58	1501.04	+0.10	+1.08	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Aug. 27	Latest	Previous Close
£ Spot	1.6300-6310	1.6170-1.6180
1 month	0.39-0.38 pm	0.45-0.44 pm
3 months	1.30-1.28 pm	1.38-1.36 pm
12 months	4.52-4.42 pm	4.68-4.62 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

August 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6170-1.6295	1.6285-1.6295	0.39-0.36c pm	2.76	1.33-1.28 pm	3.20
Canada	2.1332-2.1477	2.1465-2.1475	0.13-0.03c pm	0.45	0.66-0.53 pm	1.11
Netherlands	3.32-3.33¼	3.32¾-3.33¾	1¼-1⅛c pm	4.28	4⅛-4 pm	4.96
Belgium	61.25-61.45	61.35-61.45	18-14c pm	3.13	56-50 pm	3.45
Denmark	12.33-11.37½	11.36¾-11.37¾	⅛ pm-⅝ ore dis	−0.40	½pm-⅜dis	0.04
Ireland	1.1020-1.1070	1.1055-1.1065	0.10 par pm	0.54	0.15 par pm	0.27
W. Germany	2.94¾-2.96	2.95-2.96	1½-1⅜pf pm	5.84	4⅝-4½ pm	6.18
Portugal	231.12-233.58	232.50-233.50	67-131 c dis	−5.10	227-316 dis	−4.66

[illegible]

STERLING INDEX

[illegible]

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

Luxembourg	61.35-61.45	37.65-37.75
Malaysia	4.0960-4.1015	2.5200-2.5215
Mexico	2409.70-2416.10	1483.00-1486.00
N. Zealand	2.6770-2.6820	1.6505-1.6525
Saudi Ar.	6.0845-6.0890	3.7500-3.7509
Singapore	3.4215-3.4255	2.1050-2.1060
S. Af. (Cm)	3.3360-3.3520	2.0595-2.0640
S. Af. (Fn)	5.5045-5.6985	3.3895-3.5090
Taiwan	48.50-48.75	30.05-30.15
U.A.E.	5.9585-5.9640	3.6725-3.6735

*Selling rate. Correction for August 26, Australia £2.2670-2.2710.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts give up early gains

LONG-TERM gilt futures closed a little firmer, but failed to maintain opening gains, during a dull day on the London International Financial Futures Exchange. December was the most heavily traded month, at 15,872 contracts, with September volume falling to 6,438.

December gilts opened at the day's high of 114-00, and finished at 113-24, compared with 113-20 on Wednesday.

Yesterday was the first notice day for delivery of the September contract, and dealers suggested the failure of any sellers to announce their intention to deliver was a bearish signal. High volume of 1,160 in December put options at 112 was also regarded as a sign of growing market nervousness, ahead of next week's UK trade figures.

The strength of sterling against the dollar provided some support, but trading was restricted ahead of the long holiday weekend in the UK.

A weaker dollar and concern about the high level of the Federal funds rate on the first day of a new statement period depressed US Treasury bonds on Liffe. Although the Federal Reserve added funds to the New York banking system, the high Federal funds rate of 6⅞ per cent led to fears the US authorities are guiding interest rates up to support the dollar.

September US bonds opened at 89-05, but this was the day's high, and the contract fell to close at 88-14, against 89-14 previously.

Japanese Government bond futures traded very quietly on Liffe, with volume mostly confined to December delivery. The December contract opened firmer at 106.40, and closed at 106.41, compared with 105.87 on Wednesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
108	6.23	7.00	0.39	1.10
110	4.25	5.37	1.04	1.47
112	3.27	4.22	1.43	2.32
114	2.16	3.19	2.32	3.29
116	1.25	2.27	3.413	4.37
118	0.54	1.47	5.069	5.57
120	0.31	1.13	6.476	7.23
122	0.18	—	8.34	—

Estimated volume total, Calls 1,706 Puts 2,079
Previous day's open int: Calls 13,805 Puts 8,987

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Sept	Calls—Last Dec	Puts—Last Sept	Puts—Last Dec
80	7.46	—	0.12	—
82	5.61	5.35	0.27	0.57
84	4.24	4.10	0.54	1.32
86	2.55	2.63	1.21	2.21
88	1.40	2.04	2.06	3.26
90	0.49	1.23	3.15	4.45
92	0.27	0.55	4.57	6.13
94	0.13	0.33	6.43	7.55

Estimated volume total, Calls 113 Puts 1
Previous day's open int: Calls 409 Puts 214

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last Aug.	Calls-Last Sept.	Puts-Last Aug.	Puts-Last Sept.
22750	3.68	8.20	7.73	7.75
23000	2.75	7.03	9.30	9.08
23250	2.07	5.99	11.12	10.54
23500	1.52	5.06	13.07	12.11
23750	1.10	4.25	15.15	13.80
24000	0.78	3.54	17.33	15.59
24250	0.55	2.92	19.60	17.47
24500	0.37	2.40	21.92	19.45

Estimated volume total, Calls 39 Puts 25
Previous day's open int. Calls 267 Puts 169

LIFFE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LIFFE—EURODOLLAR OPTIONS

[illegible]

LONDON

[illegible]

CHICAGO

[illegible]

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Sep.	0.6707	0.6708	0.6679	0.6651
Dec.	—	0.6767	0.6737	0.6708
Mar.	0.6828	0.6832	0.6828	0.6769
June	—	—	—	0.6830

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Sept.	333.65	334.70	332.10	336.00
Dec.	336.60	337.50	335.20	338.95
Mar.	—	340.00	337.60	341.60
June	—	—	341.40	344.40

CURRENCY FUTURES

[illegible]

MONEY MARKETS

Nervous ahead of trade figures

INTEREST RATES were steady on the London money market yesterday, with three-month interbank unchanged at 10⅞-10¾ per cent.

There was a general mood of nervousness about next Tuesday's UK trade figures, but a better performance by sterling helped sentiment, and the market was quiet ahead of the long holiday weekend in Britain.

The Bank of England initially forecast a money market shortage of £250m, but revised this to £300m at noon, and to £350m in the afternoon. Total help of £315m was provided.

UK clearing bank base lending rate 10 per cent since August 7

Before lunch the authorities bought £205m bills outright, by way of £35m bank bills in band 3 at 9⅞ per cent; £35m Treasury bills in band 4 at 9¾ per cent; and £135m bank bills in band 4 at 9⅞ per cent.

In the afternoon another £110m bills were purchased, through £65m Treasury bills in band 4 at 9¾ per cent, and £45m bank bills in band 4 at 9⅞ per cent.

Bills maturing in official bands, repayment of late assistance and a take-up of Treasury bills drained £456m, with a rise in the note circulation absorbing £85m. These outweighed Exchequer transactions adding £280m to liquidity and bank balances above target of £10m.

In Rome the Bank of Italy announced a rise in its discount rate to 12 per cent from 11½ per cent with effect from today. The lira has weakened recently within the European Monetary System and has been the subject of speculation about devaluation in any realignment of the system in the near future.

In New York the US Federal Reserve added $2bn to the banking system via customer repurchase agreements, when Federal funds were trading at 6⅞ per cent.

In Frankfurt the West German Bundesbank left its credit policies unchanged at yesterday's council meeting. The discount rate remains at 3 per cent and the Lombard financing rate at 5 per cent.

Call money rose to 3.85 per cent from 3.80 per cent as funds flowed out of the banking system.

Banks reserve holdings of funds at the Bundesbank have declined, after a very comfortable start to the month, but in the first 25 days of August averaged DM 52.2bn a day, compared with a minimum average requirement of DM 51.5bn.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

Company Notices

$ WORLD VALUE OF THE DOLLAR
BANK OF AMERICA GLOBAL TRADING ECONOMICS DEPT., LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, August 26, 1987. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America Global Trading, London, New York, Tokyo, San Francisco, Los Angeles, Toronto.
24-hours a day trading capability.
Enquiries: 01-634 4360/5. Dealing: 01-236 9861.

ECU=$US1.1335 SDR1=$US1.28538
As of August 26, at 11.00 a.m.

	3 months	6 months
Eurodollar Libor:	7	7¼
Sibor:	7 1/16	7¼

COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR	COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (o)	50.60	Gibraltar	Pound*	1.6167	Papua New Guinea	Kina	0.8985
Albania	Lek	6.2473	Greece	Drachma	139.00	Paraguay	Guarani (o)	320.00
Algeria	Dinar	4.67	Greenland	Danish Krone	7.0225		Guarani (p)	550.00
Andorra	French Franc	6.1035	Grenada	E. Caribbean $	2.70		Guarani (d)	801.50
	Spanish Peseta	122.90	Guadaloupe	Franc	6.1035	Peru	Inti (o) (n)	15.89
Angola	Kwanza	29.918	Guam	U.S. $	1.00		Inti (f)	37.50
Antigua	E. Caribbean $	2.70	Guatemala	Quetzal (o)	1.00	Philippines	Peso	20.44
Argentina	Austral	2.196		Quetzal (h, f)	2.705	Pitcairn Islands	N.Z. Dollar	1.6611
Aruba	Florin	1.79	Guinea Bissau	Peso (1)	650.00	Poland	Zloty (o)	269.50
Australia	Dollar	1.4002	Guinea Republic	Franc	340.00	Portugal	Escudo	143.58

[illegible]

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY AUGUST 27 1987					WEDNESDAY AUGUST 26 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (93)	162.57	+1.8	147.96	151.81	2.41	159.65	146.38	148.98	162.57	99.92	74.90
Austria (16)	96.97	+0.7	88.25	91.46	2.25	96.26	88.26	91.36	101.62	85.53	93.83
Belgium (48)	133.47	+0.7	121.47	124.91	3.77	132.55	121.53	125.03	134.89	96.19	88.39
Canada (129)	138.34	+0.0	125.90	131.93	2.20	138.40	126.89	132.48	141.78	100.00	98.66
Denmark (39)	122.83	−1.1	111.79	116.56	2.37	124.21	113.89	118.47	124.21	98.18	94.17
France (121)	114.33	+1.6	104.05	108.63	2.58	112.57	103.21	107.75	121.82	98.39	99.02
West Germany (92)	103.44	−0.1	94.14	97.50	1.93	103.56	94.95	98.25	104.87	84.00	95.69
Hong Kong (45)	144.03	+1.4	131.08	144.37	2.52	142.11	130.30	142.46	144.03	96.89	77.30
Ireland (14)	142.57	+0.8	129.76	136.52	3.27	141.39	129.63	136.03	145.41	99.50	78.70
Italy (76)	87.42	+3.0	79.56	85.78	2.11	84.87	77.81	83.79	112.11	84.22	105.64
Japan (458)	152.99	+1.0	139.24	137.28	0.49	151.51	138.91	137.00	161.28	100.00	97.72
Malaysia (36)	183.78	−0.9	167.26	178.42	2.08	185.41	170.00	179.95	193.64	98.24	88.98
Mexico (14)	340.22	+0.7	309.64	552.21	0.54	338.02	309.92	548.45	340.22	99.72	63.50
Netherland (37)	130.64	−0.2	118.90	121.81	3.66	130.86	119.98	122.82	131.41	99.65	99.57
New Zealand (24)	123.21	+0.1	112.14	108.06	2.73	123.15	112.92	109.05	125.32	83.93	71.72
Norway (24)	168.87	+3.7	153.69	152.71	1.78	162.82	149.28	147.85	172.79	100.00	104.32
Singapore (27)	173.18	−0.4	157.62	168.04	1.46	173.80	159.36	168.80	174.28	99.29	90.58
South Africa (61)	179.82	+2.4	163.66	135.57	3.03	175.69	161.08	134.78	198.09	100.00	84.37
Spain (43)	153.80	+2.8	139.97	142.03	2.77	149.57	137.13	139.09	153.80	100.00	96.10
Sweden (33)	127.29	+0.0	115.85	120.04	1.92	127.34	116.75	120.74	130.84	90.85	94.25
Switzerland (53)	108.22	+0.1	98.49	100.17	1.64	108.11	99.12	100.77	109.22	92.01	94.40
United Kingdom (335)	149.59	+0.6	136.15	136.15	3.22	148.66	136.30	136.30	162.87	99.65	97.70
USA (590)	135.34	−0.9	123.18	135.34	2.71	136.62	125.27	136.62	137.42	100.00	105.54
Europe (931)	125.75	+0.7	114.45	116.86	2.79	124.81	114.44	116.81	128.35	99.78	97.68
Pacific Basin (683)	153.01	+1.0	139.26	137.96	0.63	151.48	138.89	137.56	158.77	100.00	96.16
Euro—Pacific (1614)	142.18	+0.9	129.40	129.58	1.39	140.89	129.18	129.32	143.65	100.00	96.76
North America (719)	135.50	−0.9	123.32	135.18	2.68	136.72	125.35	136.42	137.55	100.00	105.18
Europe Ex. UK (596)	110.96	+0.9	100.99	104.93	2.42	110.02	100.88	104.75	110.96	98.02	97.71
Pacific Ex. Japan (225)	153.24	+1.3	139.47	146.07	2.40	151.21	138.65	144.19	153.24	99.92	76.60
World Ex. US (1818)	142.59	+0.9	129.77	130.00	1.44	141.31	129.56	129.76	143.38	100.00	96.66
World Ex. UK (2073)	138.78	+0.2	126.30	131.79	1.78	138.56	127.04	132.13	138.82	100.00	100.36
World Ex. So. Af. (2347)	139.47	+0.2	126.93	132.12	1.91	139.21	127.64	132.45	139.47	100.00	100.21
World Ex. Japan (1950)	133.39	−0.2	121.40	129.59	2.70	133.69	122.58	130.22	134.03	100.00	101.27
The World Index (2408)	139.73	+0.2	127.17	132.18	1.92	139.45	127.85	132.50	139.73	100.00	100.12

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$480	16	11.10	24	23	10	30.50	$457.40
GOLD C	$500	26	7.60	—	—	20	24	"
GOLD C	$520	10	5	1	12.50	—	—	"
GOLD P	$370	10	0.70	—	—	—	—	"
GOLD P	$390	85	1.50	—	—	—	—	
		Sep 87		Dec 87		Mch 88		
SILVER C	$800	—	—	10	64	—	—	$761
SILVER C	$850	—	—	10	49	—	—	"
SILVER P	$700	—	—	10	20	—		
SILVER P	$750	—	—	45	42	—	—	"
SILVER P	$900	10	140	—	—	—	—	
		Dec 87		Mar 88		June 88		
£/Fl. C	Fl.330	8	3.90	26	4	—	—	Fl.332.97
		Sep 87		Oct 87		Nov 87		
$/Fl C	Fl.200	5	5.10	44	5.70	—	—	Fl.204.40
$/Fl C	Fl.205	40	1.80	37	2.80	3	3.80A	"
$/Fl C	Fl.210	13	0.50	10	1.10	13	2	"
$/Fl P	Fl.200	9	0.50	17	1.70	—	—	"
$/Fl P	Fl.205	12	2.30	1	3.40	—	—	
		Dec 87		Mar 88		June 88		
$/Fl C	Fl.195	—	—	—	—	10	11.20	Fl.204.40
$/Fl C	Fl.200	15	7	29	7.70A	19	9	"
$/Fl C	Fl.205	84	4.30	43	5.50A	6	6.40A	"
$/Fl C	Fl.210	34	2.40	42	3.70	30	4.50	"
$/Fl C	Fl.215	31	1.50	5	2.50	—	—	"
$/Fl P	Fl.195	—	—	—	—	30	4.60	"
$Fl P	Fl. 200	25	3.30	—	—	—	—	"
$Fl P	FL 205	42	5.20	—	—	—	—	"
$Fl P	Fl. 210	12	8.40	2	10.50	—	—	
		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.50	1039	2.10	112	4.40	50	5.60	Fl.50.70
ABN P	Fl.48	455	0.70	99	1.50	2	1.70B	"
AEGON C	Fl.100	560	2.10	109	5.10	18	7.40A	Fl.96.90
AEGON P	Fl.90	108	1.40	10	2.50	20	2.80	"
AHOLD C	Fl.110	65	4.50	22	7.30	—	—	Fl.108
AKZO C	Fl.180	955	5.20	341	10.50	7	14	Fl.175
AKZO P	Fl.170	211	3.90	40	7.50B	1	8.50	"
AMEV C	Fl.70	602	1	358	2.50A	27	4.50	Fl.63.20
AMEV P	Fl.65	256	4	247	5	27	5.50B	"
AMRO C	Fl.90	296	3.20A	101	6	14	8.10	Fl.88.50
AMRO P	Fl.85	294	1.70	41	3	34	4	"
ELSEVIER C	Fl.65	181	2.40B	204	5.30B	32	7	Fl.60.70
ELSEVIER P	Fl.52	400	0.60	—	—	—	—	"
GIST-BROC.C	Fl.55	287	1	162	2.50	36	3.20	Fl.49.40
GIST-BROC. P	Fl.45	334	0.90	159	1.80	—	—	"
HEINEKEN C	Fl.190	20	7.80	45	13.50	—	—	Fl.190
HEINEKEN P	Fl.180	98	4	15	6.50	2	7	"
HOOGOVENS C	Fl.50	34	2.80	164	5	22	6	Fl.48.50
HOOGOVENS P	Fl.45	90	1.30	37	2.70	—	—	"
KLM C	Fl.50	469	8.10	62	7.50	2	9.20	Fl.54
KLM P	Fl.45	134	0.30	—	—	—	—	"
NEDLLOYD C	Fl.190	137	8	41	15.50	—	—	Fl.183.10
NEDLLOYD P	Fl.170	105	4.30	5	9.50	—	—	"
NAT.NED. C	Fl.75	338	4.70	14	7.70	5	9.50	Fl.79.30
PHILIPS C	Fl.60	421	0.90	717	1.70	32	2.70	Fl.52.80
PHILIPS P	Fl.55	286	3.10	233	4.20	9	5.30	"
ROYAL DUTCH C	Fl.290	441	3.50	468	10.20	30	15.50	Fl.277.50
ROYAL DUTCH P	Fl.270	387	4.90	84	9	—	—	"
ROBECO P	Fl.120	30	5.50	—	—	—	—	Fl.114.20
UNILEVER C	Fl.150	238	3.40	125	8.20	26	12	Fl.143.50
UNILEVER P	Fl.120	175	0.30	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: [illegible]

A=Ask B=Bid C=Call P=Put

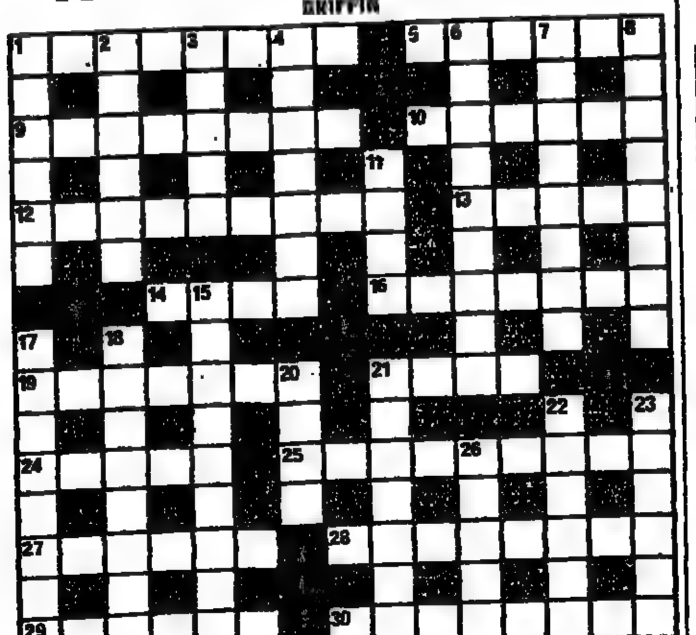
BASE LENDING RATES

	%
ABN Bank	10
Adam & Company	10
Allied Arab Bk Ltd	10
Allied Dunbar & Co	10
Allied Irish Bank	10
American Exp. Bk	10
Amro Bank	10
Henry Ansbacher	10
ANZ Banking Group	10
Associates Cap Corp	10
Authority & Co Ltd	10
Banco de Bilbao	10
Bank Hapoalim	10
Bank Leumi (UK)	10
Bank Credit & Comm	10
Bank of Cyprus	10
Bank of Ireland	10
Bank of India	10
Bank of Scotland	10
Banque Belge Ltd	10
Barclays Bank	10
Beneficial Tst Ltd	10
Beneficial Trust Ltd	11
Berliner Bank AG	10
Brit Bk of Mid East	10
● Brown Shipley	10
Business Mtge Tst	10
CL Bank Nederland	10
Canada Permanent	10
Cayzer Ltd	10
● Charterhouse Bank	10
Citibank NA	10
City Merchants Bank	10
Clydesdale Bank	10
Comm. Bk. N. East	10
Consolidated Crds	10
Co-operative Bank	*10
Cyprus Popular Bk	10
Duncan Lawrie	10
Equat'l Tst C'p plc	10
Exeter Trust Ltd	10½
Financial & Gen. Sec	10
First Nat. Fin. Corp	10
First Nat. Sec. Ltd	10
● Robert Fleming & Co	10
Robert Fraser & Ptrs	11
Girobank	10
Grindlays Bank	10
● Guinness Mahon	10
HFC Trust & Savings	10
● Hambros Bank	10
Heritable & Gen. Tst	10
● Hill Samuel	§10
C. Hoare & Co	10
Hongkong & Shangh	10
Lloyds Bank	10
Meghraj & Sons Ltd	10
Midland Bank	10
● Morgan Grenfell	10
Mount Credit Corp. Ltd	10
Nat. Bk. of Kuwait	10
NatWestminster	10
Northern Bank Ltd	10
Norwich Gen. Trust	10
PK Finans. Intl (UK)	10½
Provincial Trust Ltd	11
R. Raphael & Sons	10
Roxburghe G'rantee	10½
Royal Bk of Scotland	10
Royal Trust Bank	10
Smith & Williams Secs	10
Standard Chartered	10
TSB	10
UDT Mortgage Exp	¶11.1
United Bk of Kuwait	10
United Mizrahi Bank	10
Unity Trust PLC	10
Western Trust	10
Westpac Bank. Corp	10
Whiteaway Laidlaw	10½
Yorkshire Bank	10

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sureswise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 10.5%.

FT CROSSWORD PUZZLE No. 6,416

GRIFFIN



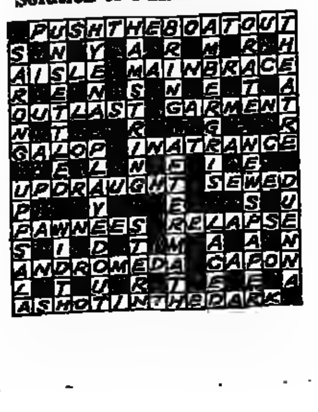
ACROSS

1 Information staggered armed policeman (8)
5 Decline to play with their centre-forward at first (6)
9 Ring Dr Diane, newly appointed (8)
10 Rose is so awkward, dear! (6)
12 Guardian designed studio with outside toilet (9)
13 Fruit porter accepts double parking (5)
14 Not for women putting tin-opener in sink (4)
16 Catch sight of big end needing simple adjustment (7)
19 Went ahead after row caused bitterness (7)
21 Require pale kind of shirt (4)
24 Suddenly drop round (5)
25 Hand green woolly to traveller (9)
27 See nothing in can of soothing liquid (6)
28 Transport system with more union members (8)
29 By going in late and returning couch—(3-3)
30 —circle and look slyly round plant (8)

DOWN

1 Complain when reformed rogue loses key to church (6)
2 Nothing goes on in this camp! (6)
3 Friend in the past gathers I'm back (5)
4 Get me in transport union (7)
6 Quarantine, to a lion, is confusing (9)
7 Taking wind instrument on tube arrives at dance (8)
8 Saved judge stuck in a pipe (8)
11 Hitch horse beneath pole (4)
15 Call doctor then elope (9)
17 Disabled, and having about 2p left, wept (8)
18 Asian water sample taken with diligence (8)
20 Note on reverse of seed container giving information (4)
21 Workers' leader alters form for idler (7)
22 Consented to the old soldiers entering (6)
23 It often eliminates mistakes (6)
26 Additional tax return (5)

Solution to Puzzle No. 6,415



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross

Abbey Unit Tst. Mngrs. (a)
80 Holdenhurst Rd, Bournemouth

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FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2040

American Growth	149.5	156.4	-0.5	1.26
(Accum Units)	125.2	132.4	+0.5	1.26
British Blue Chip Fund	91.3	94.2	-0.1	2.61
(Accum Units)	91.3	94.2	-0.1	2.61
American Sm Cos Fd	54.1	57.3	-0.4	0.46
(Accum Units)	54.1	57.3	-0.4	0.46
American Income	54.4	57.5	+0.2	4.02
(Accum Units)	59.3	62.7	+0.3	4.02
European Growth	157.3	166.8	+1.0	2.18
(Accum Units)	164.7	174.2	+1.1	2.18
European Income	85.0	89.9	+0.7	3.39
(Accum Units)	89.4	94.5	+0.8	3.39
General	377.9	399.8	+0.8	1.31
(Accum Units)	627.7	664.2	+1.5	1.31
Gilt	95.7	98.1	-0.1	8.41
(Accum Units)	101.9	102.4	-0.2	8.41
Global Fund	92.2	96.2	+0.8	0.67
(Accum Units)	53.2	56.2	+0.0	0.67
High Interest Fund	42.9	45.3	-0.1	9.66
(Accum Units)	43.2	45.7	-0.1	9.66
High Income Fund	52.5	55.5	-0.1	4.84
(Accum Units)	53.9	56.4	-0.1	4.84
Income	125.6	132.9	+0.3	2.65
(Accum Units)	144.1	152.4	+0.3	2.65
International	320.5	339.1	-0.8	1.38
(Accum Units)	401.1	424.6	-0.9	1.38
Japan	221.8	238.7	+1.6	0.55
(Accum Units)	227.7	240.9	+1.6	0.55
Pacific Fd	59.9	63.5	+0.2	0.10
(Accum Units)	59.9	63.5	+0.2	0.10
Recovery	319.3	337.8	-0.2	1.27
(Accum Units)	347.1	367.3	-0.2	1.27
UK Smaller Cos Fd	55.1	58.3	+0.0	1.75
(Accum Units)	55.6	58.8	+0.0	1.75
Exempt	349.4	358.3	-0.3	2.25
(Accum Units)	352.6	366.7	-0.5	2.25

Merlin Fund Mngmt Ltd
90 St James St, London SW1A 1HB 01-925 1277

Merlin Aug 26	629.5	637.5	—	1.08

Metropolitan Unit Trust Mngrs Ltd
3 Duchess Lane, Potters Bar EN6 1AJ 0707 45184

Int Income Fund	62.4	66.3	-0.3	4.52
Accum Units	62.4	66.3	-0.3	4.52
UK Growth Fund Acc	61.8	65.7	-0.4	1.52

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3969

PM Equity Growth	118.5	126.1	-0.1	1.02
PM Income and Growth	105.3	112.1	—	2.94
PM N American Growth	62.1	66.0	-0.9	0.32
PM European Growth	51.2	54.4	+0.2	0.56
PM Japan Growth	76.8	81.6	+0.6	0.34
PM Overseas Growth	59.6	63.4	-0.4	0.42

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn Unit Line 0800 010345

Holborn Comm Tst	82.7	87.5	-0.1	0.35
Holborn Equity Income	72.5	76.7	-0.3	3.95
Holborn Equity Tst	589.2	623.4	+0.5	2.17
Holborn European Tst	126.2	133.5	+0.5	0.62
Holborn Gilt Tst	205.9	212.7	-0.2	2.24
Holborn High Inc Tst	89.0	94.1	—	4.59
Holborn Intl Grth Tst	128.1	135.5	-0.3	0.84
Holborn Japanese Tst	146.5	155.0	+0.9	0.04
Holborn N. Amer. Tst	100.8	106.6	-0.7	0.45
Holborn Sm Cos Tst	79.8	84.4	-0.1	1.38
Holborn Spec Sits Tst	104.2	110.2	—	1.33
Holborn UK Growth Tst	116.1	122.8	-0.2	1.52

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd	654.9	691.1	—	1.41
Quadrant Income	321.6	340.0	—	3.97
Quadrant Intl. Fund	471.1	498.6	—	1.00
Quadrant Spec. Sits	450.0	476.2	—	1.38

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	240.6	256.9	-1.1	2.36
Reliance Unit Tst (Inc)	166.8	177.4	-0.4	1.49
Reliance Ut Tst (Acc)	224.5	238.7	-0.6	1.49

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	53.9	56.7	+0.1	1.5

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2981/4

NC America (Inc)	345.5	367.5	(z)	0.75

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INSURANCES

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FT UNIT TRUST INFORMATION SERVICE

J. D. Ward & Co Ltd
55 Lincoln's Inn Fields, WC2A 3LX. 01-242 2263

Target Mngd Bond	239.4	252.1	+0.5	—
Target Mngd Pension	154.4	162.6	+0.5	—
Albany Mngd Bond	187.9	197.7	+0.5	—
Albany Mngd Pension	242.9	255.6	+0.9	—

Yorkshire & Lancashire Investment Mgt.
2 Parson Lane, Clitheroe, BB7 2JN 0200 28066

Growth & Income (RH)	197.6	208.1	—	—
Ultra Bond (Roy H)	165.4	174.2	—	—
Flexible Managed (Hpw)	161.1	170.7	—	—
Global Managed (Schr.)	179.5	188.9	—	—
Security (Scot Mutual)	129.1	135.9	—	—
Pension Fund (Roy.H)	138.6	145.9	—	—

OFFSHORE AND OVERSEAS

Actibonds Investment Fund SA
37 rue Notre Dame, Luxembourg Tel: 47971

Actibonds Inv		$23.51		—

Adig Investment
Postfach 708, 8000 Munich 1 Telex 524269

Adiverba	DM22.78	23.44	-0.02	—
Distribution Aug 87	DM1.50			—
Adiverba	DM157.52	165.40	-0.45	—
Distribution Aug 87	DM2.95			—
Fondak	DM68.53	71.95	-0.38	—
Distribution Aug 87	DM1.75			—
Fondis	DM71.12	74.68	+0.04	—
Distribution Aug 87	DM1.15			—

Aetna International Assurance (Bermuda) Ltd
Albert Hse., St Peter Port, Guernsey 0481 27066
Exchange rate at Valuation Day US$1.620

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¾	100	Treas. 12pc 1987	100	....	11.97	10.13
99	97	Treas 7¾pc 1985-88‡‡	99	–	7.81	9.57
102¼	99	Exch 10½pc '88	99	–	10.51	10.50
101	98	Treas 9½pc Cv '88	99	–	9.82	10.60
97	93	Transport 3pc '78-88	96¼	+	3.12	7.61
101	98	Treas. 9½pc '88	98¾	....	9.62	10.61
105	101	Treas 11½pc 1989	101	....	10.38	10.63
102	97	Treas 9½pc Cnv 1989	98	....	9.66	10.57
94	89¼	Treas 3pc 1989	92	+	3.23	7.45
104½	99	Treas 10½pc 1989	99	–	10.53	10.62
103	98½	Exch 10pc 1989	98	+	10.12	10.65
105¼	100	Exch 11pc 1989	100 xd	–	10.93	10.64
95	89	Treas 5pc 1986-89	92	–	5.40	8.86
108	99	Exch 10¼pc Cv '89	99¾	....	10.30	10.42
111	105	Treas 13pc 1990‡‡	105	+	12.28	10.34
106	100	Exch 11pc 1990‡‡	100	+	10.83	10.39
110	104¼	Exch. 12½pc 1990	104 xd	+	11.89	10.22
91	84	Treas 3pc 1990	88	–	3.36	7.46
100	93	Treas 8¼pc 1987-90‡‡	95	....	8.53	9.57
105	97½	Treas. 10pcCv 1990	98¾	+	10.08	10.28
89	81	Exch 2½pc 1990	85¼	–	2.89	7.19
110	103¾	Treas 11¾pc 1991	103¼	..	11.28	10.23
95	87¼	Funding 5¾pc '87-91‡‡	88½	....	6.39	9.03
89	80¾	Treas. 3pc 1991	84	..	3.55	7.91
110¼	99	Treas 10pc Cv '91 ‡‡	99	+	10.02	10.04
109¾	101¼	Exch 11pc 1991	101¾		10.81	10.44
96	91	Treas. 8pc 1991	91	+		
116	107¼	Treas 12¾pc 1992‡‡	107	+	11.82	10.45
106	97	Treas 10pc 1992	98¼	+	10.15	10.39
99½	90	Treas. 8pc 1992 ‡‡	91	+	8.78	10.45
108	99¼	Treas 10½pc Cv 1992‡‡	100	+	10.48	10.41
85¾	79	Treas. 3pc 1992	79	–	3.74	8.03
115¾	106	Exch. 12¼pc '92	106 xd	+	11.48	10.47
		Five to Fifteen Years				
121	110	Exch 13½pc 1992	110 xd	....	12.10	10.50
107	97	Treas 10pc 1993‡‡	97	....	10.18	10.40
118	108	Treas 12½pc 1993‡‡	108	+	11.50	10.47
95¾	82¼	Funding 6pc 1993‡‡	85 xd	....	7.02	9.17
125	113	Treas 13¾pc 1993‡‡	113	–	12.07	10.61
129¾	118	Treas 14½pc 1994‡‡	118 xd	–	12.72	10.56
124	113	Exch 13½pc 1994	113	–	11.93	10.68
107¾	97	Treas 10pc Ln. 1994‡‡	97¾	....	10.22	10.44
120	106	Exch. 12½pc 1994	108 xd	–	11.49	10.67
103¼	92	Treas 9pc 1994‡‡	93	–	9.61	10.25
118¼	106	Treas 12pc 1995	106	....	11.26	10.67
84¾	76	Exch 3pc Gas 90-95	81	....	3.45	7.89
109	98	Exch. 10¼pc 1995	98	..	10.42	10.54
123	111¼	Treas 12¾pc 1995‡‡	111¼	–	11.45	10.62
130	117	Treas. 14pc '96	117	–	11.45	10.73
102	92	Treas 9pc 1992-96‡‡	93 xd	+	9.71	10.30
139	125¼	Treas 15¼pc 1996‡‡	125	–	12.17	10.67
127	114	Exch 13¼pc 1996‡‡	114¾	–	11.55	10.60
89	81¾	Redemption 3pc 1986-96	84 xd	–	3.59	5.30
108	96	Conversion 10pc 1996	96	–	10.31	10.49
128	115¼	Treas 13¼pc 1997‡‡	115¾	–	11.49	10.61
111	99	Exch 10½pc 1997	99	....	10.51	10.50
101	90¾	Treas 8¾pc 1997‡‡	90 xd	....	9.67	10.29
140	125½	Exch 15pc 1997	125½	....	11.96	10.79
106	95¼	Exch. 9¾pc 1998	95¾	..	10.22	10.47
88	78	Treas 6¾pc 1995-98‡‡	79¼	+	8.54	9.96
145	130½	Treas. 15½pc '98‡‡	130½ xd	–	11.87	10.72
122	109	Exch. 12pc 1998	109¼	....	10.99	10.57
106	94¾	Treas 9½pc 1999‡‡	94¾	–	10.03	10.28
124	111	Exch. 12¼pc 1999	111 xd	–	11.04	10.57
113	100¼	Treas. 10½pc 1999	100½	+	10.46	10.43
111	98¼	Conversion 10¼pc 1999	98	–	10.33	10.41
100¼	88¾	Tr 8½pc Ln.2000‡‡	88	–	8.84	9.01
103	91¼	Conversion 9pc 2000‡‡	91 xd	+	9.84	10.21
131	116	Treas. 13pc 2000	116	+	11.12	10.56
110	97	Treas 10pc 2001	98 xd	+	10.20	10.26
134	120	Treas. 14pc '98-01	120	–	11.64	10.75
108	96	Conversion 9¾pc 2001	96	....	10.14	10.26
122¾	109¾	Exch. 12pc '99-02	109¾	–	10.99	10.58
110	98	Conversion 10pc 2002	98¼	....	10.20	10.25
109	96	Treas 9¾pc 2002	96 xd	+	10.10	10.20
		Over Fifteen Years				
109	90¾	Exch. 9pc 2002	91¼	+	9.88	10.15
136	121	Treas. 13¾pc 2000-03	122	+	11.29	10.59
111	98	Treas 10pc 2003	98¾ xd	+	10.13	10.16
121	107	Treas. 11½pc 2001-04	108 xd	+	10.64	10.36
111	98¾	Treas. 10pc 2004	98	+	10.13	10.15
59¾	51¼	Funding 3½pc '99-04	52	+	6.61	8.96
107	94	Conversion 9½pc 2004	94	+	10.01	10.12
107¾	94	Conversion 9½pc 2005	95	+	9.90	10.09
[illegible]						

BRITISH FUNDS—Contd

Index-Linked

1987 High	Low	Stock	(b)	Price £	+ or –	Yield (1)	(2)
131	125¾	Treas. 2pc '88	(297.1)	131¼ xd	+¼	—	2.03
117¼	108	Do. 2pc '90	(333.9)	114¾	–	0.93	2.75
99	93½	Do. 2pc '92‡‡	(385.8)	96 xd	–¼	3.49	3.13
128	119	Do. 2pc '96	(267.9)	125 xd	+	3.43	3.88
111¾	101	Do 2½pc '01	(308.8)	103 xd	+⅛	3.61	4.25
110	99	Do. 2½pc '03	(310.7)	100	+	3.59	4.22
113	101	Do. 2pc '06	(274.1)	102	+	3.63	4.13
108	95	Do. 2½pc '09	(310.7)	97¾	+	3.61	4.06
113	100	Do. 2½pc '11	(294.1)	102	+	3.71	3.98
95	83	Do. 2½pc '13	(351.9)	85¾	+	3.63	3.93
103	91	Do. 2½pc '16	(322.0)	92¾	+⅛	3.43	3.86
101	89	Do. 2½pc '20	(327.3)	90	+	3.51	3.78
86	75	Do. 2½pc '24 ‡‡	(385.3)	77	+⅛	3.43	3.70

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for December 1986: 393.0 and for July 1987: 101.8 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
113¾	98¾	African Dv Bk 11¼Ln 2010	98 xd	....	11.25	11.25
109¼	94¾	Asian Dev Bk 10¼pcLn2009	94¾	–¼	10.80	10.87
136	118¾	Australia 13½pc 2010	119¾	+¼	11.33	11.12
118¼	102¾	Do. 11¼pcLn2015	102¾	+¼	11.08	11.06
115¾	101	Euro Inv Bk 11pc Ln 2002	101	+¼	10.81	10.76
110¼	96¾	Do. 10¼pc2004	96¾	....	10.71	10.76
126¾	111¾	Int-Am Dev Bk 12½pc 2003	111¾ xd	+¼	11.17	10.87
[illegible]						

FOREIGN BONDS & RAILS

1987 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53		3.50	6.60
50	40	Do. 6pc 28 Stb. Ass.	50xc		3	6.00
50	45	Do 4pc Mixed Ass.	50		2	4.23
66	58	Hung. '24 Ass.	66	+1	2.75	4.37
146½	122¾	Hydro Quebec 15pc 2011	129¼	+½	15.00	11.61
136¼	115½	Iceland 14½pc Ln 2016	121¼ xd		14.50	11.85
103½	94	Ireland 9¾pc '91-96	97xd		9.75	10.25

AMERICANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
42	32½	Abbott Laboratories	39½	–	$1.00	—	1.6
40½	24¾	Alcoa $1	35¼	–	$1.20	—	2.1
18¾	14	Allegheny & W $0.01	14¾		30c	—	1.3
19	8¾	Amax $1	15¾	–½	—	—	—
27½	17¼	Amdahl 5c	26	–½	20c	—	0.5
35¾	26½	Amer. Cyanamid $5	33½ xd	–¼	$1.90	—	3.5
25	18	Amer. Express $0.60	23¼ xd	–¾	$1.44	—	3.8
12¾	10	Amer. Medical Int. $1	11¼	–¼	72c	—	3.9
22½	14¼	American T. & T. $1	21	–	$1.20	—	3.5
63	46½	Ameritech $1	60¼	–1	$4.72	—	4.8
22	15½	Amrlacd	22	+	—	—	—
25	17¾	Anheuser Busch $1	24	–½	$2.00	—	5.0
96½p	45p	AndTecng	96½p		—	—	—

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30½	22⅞	Sara Lee $1	29⅛xd	–⅛	$1.00	—	2.1
11⅞	8⅝	Saul (B. F.) $1	11⅝xd	.....	20c	—	1.1
26⅝	19⅞	Southwestern Bell $1	25¼	–⅛	h$2.32	—	5.5
19	14¼	Staley Continental	18½	–⅛	80c	—	2.7
44⅞	36⅛	Sun Co. Inc. $1	38⅞	+⅛	$3.00	—	4.7
42¼	28½	TRW Inc. $0.625	39⅝	–1⅛	h$1.60	—	—
34⅞	25⅞	Tenneco $5	32⅛	–⅛	$3.04	—	5.7
202½	189½	Do 10pc Ln Stk. 91-5	202½xd		10%	—	5.0
29⅞	17⅞	Texaco $6.25	26¼xd	+¼	$3.00	—	6.9
74⅞	47¼	Time Inc. $1	70⅞xd	+⅞	$1.00	—	0.9
15¼	11	Tracor $0.33	13⅞	–⅞	40c	—	1.8
30¼	18⅞	Transamerica $1	29⅛	+⅞	$1.76	—	3.7
14⅞	922p	Transworld Corp $5	12⅞	–½	20c	—	1.0
49½	29¼	TRINOVA Corp.	48⅞	–½	h$1.00	—	1.3
24⅞	15⅞	♥USX $1	23¼	–½	$1.20	—	3.2
19⅞	15⅞	Union Carbide $1	18⅞	–⅛	$1.50	—	4.9
37⅞	26⅞	Utd. Technologies	35⅞xd	–½	$1.40	—	2.4
38⅞	27	US West	36	–⅛	$3.28	—	5.6
30½	17⅛	Waste Management $1	29¼	–⅛	—	—	—
£31⅛	£20½	Whirlpool $1.0	£24⅝	–⅛	—	—	—
37⅞	26	♥Woolworth $3½	35⅛	+⅛	$1.32	—	2.3

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	373p	ABM Gold Corp II	409p	+22	—	—	—
21½	10p	♥Abbot Energy Corp.	21p		—	—	—
15⅝	506p	♥Amer. Barrick Res.	14¼xc	+⅛	—	—	—
122p	52p	♥Armeno	78½p	+½	—	—	—
19⅞	14⅝	Bk. Montreal II	15¼	–⅛	$2.00	—	6.0
10¼	745p	Bk. Nova Scot II	824p	–21	72c	—	4.0
20⅞	18	BCE II	19½	–⅛	$2.40	—	5.7
10⅞	713p	♥Bow Valley II	859p	–13	40c	—	—
20	12⅝	♥Brascan II	18¼	–⅛	88c	—	2.2
609p	277p	♥Breakwater Res.	398p	–7	—	—	—
[illegible]							

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

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LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	93	....	Fin. 13% 97/02	£103¾	....
Craig & Rose £1	580	....	Arnotts	375	....
Finlay Pkg. 5p	113	....	CPI Hldgs	96	+6
Holt (Jos) 25p	1005	....	Carroll Inds.	145	....
IoM Stm. £1	173	....	Dublin Gas	20	....
			Hall (R. & H.)	130	....
IRISH			Heiton Hldgs.	51xd	....
Fund 11¼% 1988	£100¼	....	Irish Ropes	215	+10
Nat. 9¾% 84/89	£97¼	....	Unidare	435xd	....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	12
Amstrad	20	Nat West Bk	65
BAT	55	P & O Dfd	65
BOC Grp.	45	Plessey	22
BSR	17	Polly Peck	28
BTR	30	Racal Elect	24
Babcock	19	RHM	30
Barclays	52	Rank Org Ord	70
Beecham	50	Reed Intnl	45
Blue Circle	50	STC	30
Boots	25	Sears	15
Bowaters	50	TI	34
Brit Aerospace	56	TSB	18
Brit. Telecom	32	Tesco	55
Burton Ord	35	Thorn EMI	70
Cadburys	22	Trust Houses	24
Charter Cons.	40	Turner Newall	28
Comm Union	30	Unilever	300
Courtaulds	45	Vickers	20
FNFC	30	Wellcome	42
Gen Accident	95	**Property**	
GEC	24	Brit Land	29
Glaxo	280	Land Securities	45
Grand Met	55	MEPC	42
GUS 'A'	175	Peachey	45
Guardian	90	**Oils**	
GKN	30	Brit Petroleum	32
Hanson Tst.	15	Britoil	32
Hawker Sidd	50	Burmah Oil	45
ICI	125	Charterhall	6
Jaguar	52	Premier	11
Ladbroke	40	Shell	110
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	24
Lloyds Bank	50	**Mines**	
Lucas Inds.	62	Cons Gold	95
Marks & Spencer	22	Lonrho	26
Midland Bk	55	Rio T Zinc	90
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Government bonds steadier in thin trading while equities remain unsupported

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Aug 10	Aug 20	Aug 21	Sept 1
Aug 24	Sept 10	Sept 11	Sept 21
Sept 14	Sept 24	Sept 25	Oct 5

* New time dealings may take place from 9.00 am two business days earlier.

A steadier trend in the pound and in British Government bond prices proved no help to the UK equity market yesterday, and share prices succumbed to the overnight fall on Wall Street. Once again, turnover was very thin ahead of the extended weekend holiday in London, which will be followed on Tuesday by the latest UK trade figures.

Against the generally nervous background, equities traded erratically. After opening lower, the market dipped sharply, then rallied to plus territory before slipping lower again as Wall Street came in easier.

At the close, the FT-SE 100 index was 3.8 down at 2245.8, with the FT Ordinary index down 3.1 at 1755.1. But it was a "nothing day," according to one leading trader.

The London markets remained unsettled by prospects for next week's announcement of the UK trade figures for July — City estimates range to a deficit of £300m. The equity sector is also depressed by the failure of the latest rights issues.

Major indices benefited from firmness in oil shares, with softness in crude prices failing to shake renewed belief that the Gulf situation could yet force prices upwards.

But against the trend of the energy sector, shares in British Gas turned down as a seller appeared in London while the market awaited news from the group's first annual meeting.

Some foreign investors are believed to be concerned about pressure from UK industrial customers for British Gas to trim its prices. But Nomura, the Japanese house which commenced making markets in British Gas earlier this week, said it saw little business in the stock yesterday.

Imperial Chemical Industries continued to forge ahead but the other major blue chip stocks were mostly a shade easier in desultory trading.

Shares in **United Newspapers** moved higher as the board, announcing a sponsored ADR programme, confirmed US interest in the shares.

Life assurance groups rallied from the setback which followed Wednesday's decision by the authorities to postpone introduction of personal pension plans. There was also activity among the composites with speculative buyers active in some issues.

French stocks moved higher in London, responding to non-UK buying which followed the firmness of the Paris market. Financial issues were wanted, and **Navigation Mixte** stood out well for the second consecutive session.

Government bonds ended ⅛ up after a thin trading session. A firmer trend in sterling helped prices rally from early weakness, but traders commented that retail interest has died away ahead of Tuesday's trade figures announcement.

Gilts took their lead from the LIFFE futures markets for most of the day, and a firm close in that sector sustained the cash Treasuries market at the end of the session. Gold shares had a quiet day, before turning off in late dealings as bullion prices lost ground. But uncertainty over the US dollar continued to sustain investment sentiment in mining shares.

Two of the leading oil independents—**Enterprise** and **LASMO**—raced higher on a mixture of rumours of a major bear squeeze—shares of both fell sharply recently as oil prices retreated—firm oil prices and takeover possibilities.

LASMO, where mining group RTZ holds 29.9 per cent and will be free to make a bid from the end of this year, spurted 19 to 361p while Enterprise, in which LASMO has a 22.5 per cent stake, jumped 13½ to 306p. Turnover in LASMO approached the 3m shares mark.

Royal Insurance shares spurted 11 to 526p during late trading as a parcel of 1m shares changed hands late in the session at 528p a share—8p above the market price. Turnover in Royals, where securities house Kleinwort, Grieveson have been aggressive buyers over the past few days, reached 7.2m shares.

Speculations during recent weeks has pointed to a "down-under" buyer building up a substantial stake. Mr Robert Holme a Court and Mr Alan Bond have both been mentioned as possible predators. Royal said last night that it could not comment.

Ladbroke, which revealed good interim figures yesterday—profits were some £5m above market estimates—closed unchanged at 444p as a company spokesman confirmed that the group is looking at the possibility of joining the bidding for the 90-strong Hilton International Hotel chain currently owned by Allegis of the US.

The acquisition of Hilton Hotels is likely to cost any potential offerer around £600m. Lufthansa, the West German airline, is also said to be considering an offer for Hilton Hotels and other potential buyers include Japan Air Lines, Swissair and KLM.

British Aerospace, a depressed market for some time after several analysts have downgraded profits forecasts, staged a good revival and closed 13 to the good at 498p.

Shearson Lehman are currently recommending BAe as a short-term buy, but the rise in the share price was also attributed to a squeeze on bear positions amid vague talk of Tornado aircraft orders.

Storehouse, Sir Terence Conran's high street retail empire, continued to hold centre-stage among Stores. The shares dipped 11 to 382p, albeit in relatively subdued trading by previous standards, largely reflecting nervous offerings following news that possible suitor **Mountleigh** had agreed terms to acquire the Pension Fund Property unit trust portfolio for £263.5m. Mountleigh closed a penny better at 272p.

Some market-makers regarded the selling as premature, however, and still see Mountleigh as a prospective bidder along with long-time favourites Sears, Burton and Woolworth. Dealers have also reported sizeable US arbitrage activity in Storehouse recently.

Sutcliffe Speakman jumped 37 to 191p on news of a joint venture agreement between the company and Australia's Elders Resources, whereby SS will issue to Elders 1.3m new Ordinary voting shares representing 9.9 per cent of the equity at 180p. Funds generated from the issue will be used for the expansion of Sutcliffe, including acquisitions.

Merchant banks were unsettled by a sell circular on **Morgan Grenfell** which in turn left the sector under pressure. Morgans were finally 11 cheaper at 558p. **Hill Samuel**—where speculators are still awaiting the appearance of another bidder after Union Bank of Switzerland's withdrawal from talks last week—fell 5 to 684p. **Kleinwort Benson** dipped back 6 to 577p to the accompaniment of vague rumours that a rights issue may be announced along with the interim figures on September 21.

Life assurances staged a strong rally after the hefty falls that accompanied the deferral of the DHSS proposals on personal pensions. **Legal & General** moved up 5 to 304p, ahead of the September 16 interims, while **Prudential** added 8 at 976p. **Pearl**, helped by favourable comment on the interim figures, were 6 harder at 373p. **Refuge**, after the interims, rose strongly to close 14 higher at 552p.

Apart from Royals the composites showed **Guardian Royal Exchange** 9 firmer at 965p ahead of the interims due next Wednesday.

Buckleys, the Llanelli-based brewer which has so far enjoyed the support of Whitbread's regional "umbrella," touched 182p, before settling a net 4 to the good at 179p — 6 below the revised cash offer terms from Peter Clowes' and Guy Cramer's Brodian. The increased bid, which values Buckleys at just over £28m, was predictably rejected by the board as "inadequate."

Trading statements provided most of the interest in the Buiding sector. **Marley**, which revealed better-than-expected half-year profits, showed little movement on the figures initially, but bullish noises emanating from the subsequent analysts' meeting saw the price advance to 187p prior to closing 2 dearer on balance at 181p. **AMEC** contrasted sharply, falling 15 to 342p after revealing disappointing interim figures. Elsewhere, **Costain** drifted off as recent bid rumours faded and the close was 7 down at 331p. **Tarmac** continued to wilt and settle 6 off at 275p, but **Blue Circle** held steady at 475; the latter's interim results are due next Friday. **Trent Holdings** moved up 7 to 193p following excellent preliminary figures, while housebuilders **Fairbriar** added 3 to 273p reflecting a broker's recommendation.

ICI continued to improve and closed ⅛ higher at £15¾. **Allied Colloids** firmed 5 afresh to 315p in the wake of the annual meeting at which the chairman expressed confidence. Elsewhere, **Amersham International**, a rising market prior to, and after a visit from BZW, eased 7 to 625p following rofit-taking.

Fashion group **Alexon** dipped 16 to 401p on reports of a broker's bearish circular, but **Executex Clothes** hardened another 13 to 198p ahead of next Tuesday's half-timer. A favourable Press on the group's new "Mother and Child" US retail chain lifted **Laura Ashley** a few pence to 174p.

TI Group, still benefiting from the recent Crane US deal, advanced 13 more to 419p. Elsewhere in the Engineering sector, **Tex Holdings**, encouraged by the chairman's statement at the annual meeting, rose 8 to 178p, but **Glynwed** eased 3 more to 521p despite a favourable response by analysts to the interim figures. **Press Tools** firmed 5 to 510p following the preliminary figures; it was also announced yesterday that Fremont intends to go ahead with its conditional cash offer of 210p per share.

Retailers continued to attract the lion's share of the business in the Food sector. **ASDA-MFI**, pending the outcome of the MFI tender offers, enjoyed a reasonable two-way business and settled a shade cheaper at 197p. **Argyll**, however, encountered selling and shed 8 to 420p, while old takeover favourite **Bejam** gave up 4 at 221p. **Rowntree Mackintosh**, interim results due on September 10, attracted a useful business with some 1.7m shares changing hands and the close was 7 lower at 570p. Profit-taking in the absence of any bid developments clipped 7 from **Ranks Hovis McDougall** at 329p, while **Unigate** shed a similar amount to 394p.

Leading miscellaneous industrials fluctuated narrowly before settling a few pence easier on the day. Elsewhere, **Wellcome** continued to benefit from receding fears of short-term competition for its Aids drug Retrovir and improved 10 more to 474p for a two-day rise of 29.

Recent high-flyer **Highgate and Job**, which is expected to be used as a shell by the Jivraj family, moved up strongly to close 70 higher at 625p. **Christies International**, an old takeover favourite, continued firmly at 660p, up 13, but **SI Group** finished a shade easier at 62½p following news that R. A. Cheesewright has acquired a 5.1 per cent stake in the company. Dealings were temporarily suspended in **Keep Trust** at 515p; the company subsequently announced that it is currently in discussions which may lead to a substantial reorganisation of the group. However, it also pointed out that the proposals will not involve an offer for the issued ordinary share capital.

News International featured a jump of 30 to 675p in response to the preliminary figures. **Olives Paper**, still reflecting the Melton Medes revised capital injection proposals, advanced 10 further to 205.

Leading Properties suffered from a lack of interest. **Land Securities** drifted back to 525p prior to closing 8 off at 527p, while **MEPC** settled 9 lower at 511p, after 510p. Elsewhere, **Randsworth Trust**, sharply higher on Wednesday following the acquisition of two major property portfolios, reacted 27 to 231p. Demand in restricted markets boosted **Clarke Nickolls** 15 to 160p and **Hardanger** 33 to 798p. **UK Land** were unchanged at 700p following reports of a major property purchase.

Gyrations in oil prices—Brent for October delivery moved up from $18.20 a barrel to $18.50 before dipping late to $18.25—kept oil shares moving about.

BP touched 372p at one point prior to ending the day a net 4½ up at 367p on a turnover of 5.2m shares, while **Shell** jumped ⅛ to £13⅞. **Britoil**, up to 339p early on, eventually retreated to close a net 3½ easier on the day at 331p.

Secondary oils included features in **Clyde**—still boosted by the recent oil discovery in block 9/18b—which added 3½ to 122p. **INOCO** dropped to 58p on news of the interim figures, and £13.8m rights issue, but rallied late to close 2 up at 64p.

Fluctuations in the underlying securities proved sufficient to stimulate an improved business in traded options. Total contracts struck amounted to 42,011—28,004 calls and 14,007 puts. British Gas remained lively with 5,827 calls transacted—5,000 of which were done in the October 165's—reflecting operator's desire to take out positions ahead of the group's interim figures which are scheduled for November 19. **British Telecom** recorded 2,433 calls. Other classes to the fore included **Amstrad**, 1,530 calls and 1,139 puts, **Rolls-Royce**, 1,361 calls and 1,350 puts, and **GEC** which contributed 1,796 calls and 1,245 puts. **Sears** also found renewed favour with 652 calls and 1,930 puts struck, 1,303 of the latter being done in the December 160 series. The FT-SE 100 index attracted 2,266 calls and 2,652 puts.

Traditional Options

- First dealings Aug 17
- Last dealings Aug 28
- Last declaration Nov 19
- For Settlement Nov 30

For rate indications see end of London Share Service

Money was given for the call of **Barratt Developments**, **Broad Street**, **Hanson Trust**, **Cambridge Instrument**, **Rothmans**, **Queens Moat Houses**, **Asquascutum**, **Aran Energy**, **Trimoco**, **New England Properties**, *Feedex*, **Tarmac**, **Martin Ford**, **Stanco**, **Hartwells Group**, **Highgate and Job**, **Tozer Kemsley**, **Fitzwilton** and **R. M. Douglas**. Puts were arranged in **Glaxo**, **Hartwells Group** and **Concorde**, but no double options were reported.

FINANCIAL TIMES STOCK INDICES

	Aug. 27	Aug. 26	Aug. 25	Aug. 24	Aug. 21	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	84.96	84.94	85.29	85.55	85.23	89.62	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	92.77	92.27	92.29	92.19	92.48	95.62	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1755.1	1758.2	1768.5	1752.1	1727.2	1,286.4	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	435.6	431.2	424.2	416.5	418.8	245.1	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.28	3.28	3.26	3.29	3.34	4.29				
Earnings Yld.%(full)	8.05	8.04	8.01	8.07	8.19	10.28				
P/E Ratio (net) (*)	15.26	15.28	15.34	15.22	15.00	11.88				
SEAQ Bargains (5 pm)	30,014	33,470	33,613	40,534	43,885	—				
Equity Turnover (£m)	—	955.41	1,215.33	898.51	1,083.14	712.67				
Equity Bargains	—	36,758	40,687	45,993	46,525	24,342				
Shares Traded (ml)	—	403.3	391.5	557.9	591.0	297.5				

S.E. ACTIVITY

Indices	Aug. 26	Aug. 25
Gilt Edged Bargains	116.9	103.1
Equity Bargains	238.2	263.6
Equity Value	1931.1	2456.5
5-Day Average		
Gilt Edged Bargains	113.1	109.6
Equity Bargains	271.9	273.1
Equity Value	2401.7	2595.9

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1752.5	1748.0	1748.5	1754.9	1757.0	1760.2	1750.9	1753.6

Day's High 1761.2 Day's Low 1746.7. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=15.00

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (62)

AMERICANS (2), BANKS (4), BREWERS (1), BUILDINGS (2), CHEMICALS (1), STORES (3), ELECTRICALS (5), ENGINEERING (4), FOODS (3), HOTELS (2), INDUSTRIALS (9), INSURANCE (1), PAPERS (2), PROPERTY (1), TEXTILES (2), TRUSTS (14), PLANTATIONS (1), MINES (5).

NEW LOWS (22)

BRITISH FUNDS (14), INT. BANK & O'SEAS GOVT. STLG. ISSUES (1), Asian Dev Bank 10¼pc Ln 2009, LOANS (2), Inv in Ind 11pc Un Ln 1988, Do. 12¼pc Un Ln 1992, AMERICANS (1), BASIX Corpn, BANKS (2), Brown Shipley, MCorp, ELECTRICALS (1), Crystalate, OILS (1), ELF UK 12¼pc Ln.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	3,200	197	−1	Ladbroke	3,700	444	—
Allied Lyons	1,100	419	—	Land Securities	1.00	83	−2
Amstrad	3,100	175	−2	Legal & Gen.	1,300	304	+5
Argyll Group	2,000	420	−8	Lloyds Bank	1,200	352	−1
Assoc. Brit. Foods	194	351	−5	Lonrho	1,600	297	+6½
BAT	3,300	652½	−9½	Lucas	327	713	−1
BET	3,500	296	+3	MEPC	816	512	−8
BICC	160	374	−3	Marks & Spencer	8,100	226½	+1½
BOC	485	531	−1	Midland Bank	333	455	−3
BPB Inds	671	363	−5	Natwest Bank	910	734	−2
BPCC	4,900	371	+16	Next	2,200	321	−5
BTR	1,400	337	—	Pearson	1,100	750	+1
Barclays	693	574	−2	P & O	791	680	+3
Bass	346	936	−2	Pilkington Bros	1,400	299	−1
Beecham	2,500	527	−7	Plessey	1,000	189	−1
Blue Circle	367	478	+3	Prudential	344	976	+8
Boots	2,300	307	+6	Racal	1,300	308	−5
Brit. Airways	1,200	200	−2	Rank Org.	100	697	−7
Brit. Aero	2,900	498	+13	RHM	633	329	−7
Brit. & Comm.	141	487	—	Reckitt & Col.	46	£11¼	—
British Gas	16,000	167	−3	Redland	560	514	+2
Britoil	7,400	331	−3½	Reed Intl.	1,400	506	+7
BP	8,900	367	+4½	Reuters	795	872	+2
Brit. Telecom	4,000	271½	−½	RMC	246	477	−1
Bunzl	789	253	+3	RTZ	306	£12⅞	—
Burton	2,200	289	−1	Rolls-Royce	8,100	112	+1
Cable & Wire	1,800	418	−1	Rowntree	1,700	570	−7
Cadbury Schwps	2,400	267	−1	Ryl Bank Scotland	1,200	393	−5
Coats Viyella	302	385	−3	Royal Insurance	7,200	526	+11
Comm. Union	1,300	346	−½	STC	2,100	286	−1
Cons. Gold	787	£13⅞	−⅛	Saatchi & Saatchi	110	657	−6
Cookson	868	789	+12	Sainsbury	770	257	−7
Courtaulds	585	463	−4	Scott & Newcastle	310	249	—
Dee Corpn	2,500	227	−1	Sears	7,700	163	+½
Dixons Group	2,700	331	−3	Sedgwick	127	300	−2
English China Clays	352	480	−2	Shell Trans	3,250	£13⅞	+⅛
Fisons	1,700	343	+3	Smith & Nephew	1,700	174½	+2
Gen. Accident	534	973	+3	Standard Chart	258	799	−4
Gen. Elect.	3,900	207	−2	Storehouse	5,100	382	−11
Glaxo	489	£17⅛	—	Sun Alliance	94	950	+1
Globe Investment	296	177½	−1	TSB	2,400	80½	−½
Granada	61	330	−4	Tarmac	1,600	274	−7
Grand Met	1,000	532	−1	Tesco	1,400	180	−1
GUS "A"	103	£12⅛	−⅛	Thorn EMI	585	663	−12
Guardian R.E.	226	965	+9	Trafalgar House	1,300	368	−5
GKN	469	383	—	T'house Forte	2,900	244	−4
Guinness	2,850	354	−2	Ultramar	2,000	271	+1
Hammerson	327	640	—	Unigate	918	394	−6
Hanson Trust	4,400	187	−2½	Unilever	2,600	624	−15
Hawker Sidd.	720	602	+6	United Biscuits	1,600	315	−1½
Hillsdown Hldgs	1,400	317	−2	Wellcome	1,500	474	+10
ICI	1,500	£15¾	+⅛	Whitbread "A"	1,000	339	+2
Jaguar	660	564	−3	Woolworth	983	338	−4

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	52	41	20
Corporations, Dominion and Foreign Bonds	14	6	36
Industrials	358	504	714
Financial and Properties	128	240	240
Oils	32	27	56
Plantations	3	2	9
Mines	59	42	89
Others	44	120	109
Totals	690	982	1,273

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday August 27 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Wed August 26 Index No.	Tues August 25 Index No.	Mon August 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (212)	942.81	−0.1	7.35	2.91	17.11	14.50	943.88	947.72	940.23	693.06
2	Building Materials (30)	1178.17	−0.4	7.56	2.92	16.47	17.82	1182.32	1194.90	1173.83	801.57
3	Contracting, Construction (33)	1690.43	−0.5	7.14	2.84	18.73	20.05	1698.24	1707.79	1688.70	1234.37
4	Electricals (12)	2436.99	−0.8	6.06	3.16	21.29	41.07	2457.28	2443.90	2432.21	1869.28
5	Electronics (35)	1990.44	−0.8	8.09	2.50	16.11	33.73	2006.53	2024.44	2026.31	1512.27
6	Mechanical Engineering (60)	515.36	+0.8	7.86	3.29	15.97	8.99	511.25	511.23	508.15	390.42
8	Metals and Metal Forming (7)	553.59	—	6.96	2.90	17.35	6.86	553.60	558.43	543.05	342.21
9	Motors (14)	383.03	+0.2	7.63	2.87	15.35	5.40	382.23	383.32	382.53	277.88
10	Other Industrial Materials (21)	1615.36	+0.2	5.91	3.02	20.41	24.27	1612.13	1609.19	1592.49	1249.36
21	CONSUMER GROUP (183)	1294.57	−0.3	6.17	2.63	20.76	16.52	1298.11	1305.26	1296.16	933.94
22	Brewers and Distillers (22)	1159.12	−0.1	8.09	3.08	15.66	15.79	1160.77	1165.96	1148.83	929.15
25	Food Manufacturing (24)	1002.41	−1.1	6.99	3.05	18.59	15.60	1013.95	1019.07	1015.91	704.60
26	Food Retailing (16)	2381.60	−1.3	6.07	2.43	21.94	36.46	2411.94	2439.13	2393.86	1942.51
27	Health and Household Goods (10)	2530.58	+0.1	4.03	1.58	28.95	16.41	2528.06	2509.85	2522.38	1537.83
29	Leisure (31)	1357.22	−0.6	6.07	3.21	21.35	24.25	1365.27	1373.71	1360.93	917.16
31	Packaging & Paper (15)	685.45	+0.1	5.96	2.54	22.22	8.51	684.92	687.45	676.17	490.95
32	Publishing & Printing (13)	4496.40	+1.7	4.60	3.15	27.85	59.63	4420.10	4405.45	4358.73	2519.41
34	Stores (36)	1043.99	—	6.79	2.78	19.98	13.30	1043.98	1063.23	1059.23	895.01
35	Textiles (16)	805.31	−0.8	7.70	2.78	15.07	11.83	812.08	818.74	802.68	522.50
40	OTHER GROUPS (88)	1129.15	−0.3	7.65	3.12	16.33	18.12	1132.31	1123.21	1116.31	784.17
41	Agencies (17)	1699.55	−0.2	4.07	1.42	32.37	14.64	1703.04	1695.77	1678.17	0.0
42	Chemicals (21)	1460.99	+0.6	6.73	3.12	18.19	31.40	1452.16	1443.10	1429.34	961.49
43	Conglomerates (12)	1449.82	−0.7	7.31	3.20	15.65	20.26	1460.38	1468.35	1451.64	0.0
45	Shipping and Transport (12)	2242.39	−0.5	7.17	3.55	18.56	39.02	2253.14	2257.76	2225.85	1489.12
47	Telephone Networks (2)	1075.68	−0.2	9.43	3.76	14.15	18.98	1077.78	1062.07	1866.35	805.74
48	Miscellaneous (24)	1645.95	−0.9	8.44	2.70	14.21	21.14	1661.09	1626.73	1617.90	1082.78
49	INDUSTRIAL GROUP (483)	1173.10	−0.2	6.88	2.84	18.37	16.81	1175.85	1177.47	1169.25	842.12
51	Oil & Gas (17)	2227.72	+0.6	7.42	4.24	16.68	56.53	2214.95	2165.03	2135.34	1370.50
59	500 SHARE INDEX (500)	1262.63	−0.1	6.96	3.05	18.10	20.24	1264.07	1261.33	1251.29	887.07
61	FINANCIAL GROUP (119)	802.38	−0.1	—	3.78	—	16.87	803.42	808.32	795.17	610.70
62	Banks (8)	813.23	−0.4	16.41	4.78	8.05	25.65	816.42	820.74	802.73	668.74
65	Insurance (Life) (9)	1059.85	+0.7	—	4.03	—	21.09	1052.04	1077.42	1063.52	880.30
66	Insurance (Composite) (7)	588.79	+0.8	—	4.50	—	13.39	584.36	587.26	579.93	485.58
67	Insurance (Brokers) (9)	1245.84	−0.1	9.50	4.47	13.49	26.47	1247.34	1260.79	1265.09	1167.17
68	Merchant Banks (11)	497.89	−0.6	—	2.72	—	6.92	500.74	499.62	498.22	342.63
69	Property (47)	1228.34	−0.7	3.89	2.41	33.19	13.34	1237.37	1240.88	1206.82	773.65
70	Other Financial (28)	550.73	−0.1	6.07	2.77	20.86	7.91	551.36	550.51	548.91	348.30
71	Investment Trusts (91)	1125.86	−0.3	—	2.15	—	13.02	1129.54	1130.34	1129.12	799.99
81	Mining Finance (2)	625.17	−0.1	5.40	2.66	21.27	6.79	625.81	633.85	625.81	281.52
91	Overseas Traders (10)	1174.29	+0.9	7.76	4.01	15.30	29.58	1163.75	1167.32	1159.39	641.64
99	ALL-SHARE INDEX (722)	1143.98	−0.1	—	3.13	—	19.00	1145.30	1144.71	1134.37	807.93

	Index No.	Day's Change	Day's High	Day's Low	August 26	August 25	August 24	August 21	August 20	Year ago
FT-SE 100 SHARE INDEX ♦	2245.8	−3.8	2255.5	2236.8	2249.6	2248.1	2225.1	2205.8	2185.3	1636.8

FIXED INTEREST

	PRICE INDICES	Thurs August 27	Day's change %	Wed August 26	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	119.96	+0.06	119.89	—	7.45
2	5-15 years	132.62	+0.02	132.59	—	9.66
3	Over 15 years	140.58	+0.11	140.42	—	8.81
4	Irredeemables	154.41	+0.53	153.59	—	8.46
5	All stocks	130.72	+0.06	130.65	—	8.83
	Index-Linked					
6	5 years	120.03	−0.13	120.18	—	2.18
7	Over 5 years	112.50	+0.11	112.37	—	2.40
8	All stocks	112.95	+0.09	112.85	—	2.37
9	Debentures & Loans	113.78	+0.06	113.71	—	6.93
10	Preference	84.53	+0.15	84.41	—	3.80

	AVERAGE GROSS REDEMPTION YIELDS		Thurs August 27	Wed August 26	Year ago (approx.)
	British Government				
1	Low	5 years	9.71	9.71	8.31
2	Coupons	15 years	9.99	9.97	9.13
3		25 years	9.82	9.97	9.16
4	Medium	5 years	10.55	10.56	9.48
5	Coupons	15 years	10.25	10.26	9.44
6		25 years	10.00	10.02	9.33
7	High	5 years	10.63	10.63	9.57
8	Coupons	15 years	10.42	10.43	9.59
9		25 years	10.03	10.06	9.45
10	Irredeemables †		9.94	9.99	9.14
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	3.23	3.18	3.45
12	Inflat'n rate 5%	Over 5 yrs	4.01	4.01	3.47
13	Inflat'n rate 10%	5 yrs	3.11	3.06	2.14
14	Inflat'n rate 10%	Over 5 yrs	3.99	3.99	3.31
15	Debs &	5 years	11.44	11.54	10.07
16	Loans	15 years	11.43	11.51	10.28
17		25 years	11.43	11.48	10.32
18	Preference †		10.82	10.84	10.81

♦Opening index 2244.5; 10 am 2239.0; 11 am 2238.6; Noon 2247.0; 1 pm 2250.5; 2 pm 2254.7; 3 pm 2242.2; 3.30 pm 2244.6; 4 pm 2244.9

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

CONSTITUENT CHANGES: Holt Lloyd International (42) and Lloyd (F. H.) Holdings (8) have been deleted and replaced by Hogg Robinson (41) and Triplex (8).

LONDON TRADED OPTIONS

[illegible]

August 27. Total Contracts 42,011. Calls 28,004. Puts 14,007. FT-SE Index Calls 2,266. Puts 2,652. *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
‡110	F.P.	18/9	121	111	Adscene	113	−2	L2.5	1.9	3.0	23.9
245	100	28/8	147	130	BAA	132	−2	L6.6	2.4	3.2	17.3
¶¶	F.P.	—	84	65	BHP Gold Mines A$0.25	77	......	—	—	—	—
80	F.P.	—	108	85	*ChemEx, Intl.	90	......	—	—	—	—
§92	F.P.	26/8	190	157	‡Cook (D.C.) 5p	170	+2	u2.85	2.4	2.3	24.8
§50	F.P.	—	93	68	‡Corp. Estates Props. 5p	83	−2	L0.75	2.4	1.2	45.3
§82	F.P.	—	100	84	Crosby (James) 10p	88	......	R1.75	3.4	2.8	14.5
170	F.P.	28/8	230	205	Debenham Tewson 5p	228	−2	L3.25	2.3	1.9	30.7
100	F.P.	—	109	103	F'st Spanish Inv. Tst. Units	109	......	—	—	—	—
140	F.P.	21/8	191	163	‡Graham Motors 5p	[illegible]	......	L3.5	3.5	2.9	13.3
¶¶	F.P.	—	115	105	‡Goldehouse Grp. 1p	108	......	—	—	—	41.5
¶¶	F.P.	—	100	85	Do. Warrants	85	......	—	—	—	—
¶¶	F.P.	—	383	335	Hogg Robinson PLC	350	−5	R4.0	2.7	1.5	32.5
§20	F.P.	11/9	34	29	*Honorbilt	31	−1	—	—	—	26.1
§185	F.P.	9/9	250	218	Kentish Property 5p	231	......	[illegible]1.75	3.3	2.2	18.4
§140	F.P.	26/8	215	180	Kingsgrange 10p	185	......	u2.25	2.6	1.6	28.1
§100	F.P.	—	145	108	Kingston Oil & Gas 50p	116	......	—	—	—	—
100†	F.P.	—	135	115	*Medirace 10p	137	+3	—	—	—	—
—	F.P.	—	98	55	Moorgate Inv. Warr.	98	......	—	—	—	—
§110	F.P.	4/8	281	185	‡Parkway 5p	243	......	R1.5	4.2	0.8	38.3
§70	F.P.	26/8	118	95	‡Rural Planning 3p	95	......	R1.6	2.9	2.3	20.8
§63	F.P.	31/7	89	73	‡Shelton (Martin) 10p	73	......	u1.75	2.3	3.3	18.2

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
100p	30p	23/10	33½p	28½p	Beazer (C.H.) 8.67pc Cum. Red. Prf.	30½p	....
¶	F.P.	30/11	105p	101p	Capital & Counties 5¾% Cnv. Prf	104p	−1
‡	25p	11/9	25p	23½p	Euro House 8⅞% Cum. Red. Prf. 1997/98	23½p	....
¶¶	F.P.	—	141p	135p	Merlin Intl. Cum. Red. Cnv. Prf.	135p	....
—	F.P.	—	100	99	Nationwide 10⅜% Bds 1/8/88	99	....
—	F.P.	—	100⅛	99⅞	Do. 10⅜% Bds. 22/8/88	99⅞	....
—	£25	11/11	25½	12¾	North Housing Assoc. 6¾% Gtd. Ln. 2037	13	....
—	F.P.	—	270p	200p	Do. Zero Corp. Ln. 2027	205p	....
¶	[illegible]	21/9	5pm	5pm	Temple Bar I.T. 6% Cnv. Uns. Ln. 2002	5pm	....
—	£10	24/9	12½	10	Wrexham & E. Den. Wtr 7¾% Red. Prf 96/98	10	....
¶	Nil	—	3pm	3pm	Yelverton Inv. 8% Cnv. Uns. Ln. 1997	3pm	....

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
330	Nil	—	40pm	22pm	Cannon St. Invs. 20p	34pm	−6
810	Nil	9/10	42pm	7¼pm	Capital & Counties Unit	10¼pm	....
205	Nil	25/9	65pm	40pm	Close Bros.	40pm	....
50	Nil	7/10	162pm	138pm	Conrad Hldgs	160pm	+9
32	Nil	—	93pm	91pm	Downiebrae 10p	93pm	....
171	Nil	2/9	24pm	11pm	Evode Group	23pm	....
60	Nil	24/9	4½pm	1½pm	‡Floyd Oil 10p	1½pm	....
90	Nil	—	6½pm	5pm	Goal Pet. 5p	6½pm	+1
42½	Nil	2/10	30pm	15pm	Goodman Bros. 5p	23pm	....
57	Nil	—	7pm	5pm	Kellock Trust 1p	7pm	+1
300	Nil	24/9	163pm	148pm	Midland Bank £1	154pm	−1
45	Nil	23/9	[illegible]	[illegible]	Norfolk Capital 5p	[illegible]	[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

Aug. 27	Price Sch%	+ or −
Creditanstalt	2120	−5
Goesser	3070	−15
Interunfall	12,300	......
Jungbunzlauer	8780	+50
Laenderbank	1930	−10
Perlmooser	720	+10
Steyr-Daimler	125	+2
Veitscher Mag	805	−10

BELGIUM/LUXEMBOURG

Aug. 27	Price Frs.	+ or −
B.B.L.	3350	+20
Banque Gen. Du. L.	14875	..
Bank Int. A	14300	
Bekaert B	12300	+50
Ciment CBR	6320	−70
Cockerill	180	−1
Colruyt	11600	......
Delhaize	4500	+50
EBES	5110	.....
Fabrique Nat	1540	−5
GB Inno BM	1314	+36
GBL (Brux) L	4335	+5
Generale Bank	6560	....
Gevaert	8410	−80
Hoboken	8600	+230
Intercom	4130	.....
Kredietbank	4750	....
Pan Holdings	13400	....
Petrofina	13900	−100
Raffinerie Tirle	1810	−5
Royale Belge	6260	......
Soc Gen Belge	4010	+10
Sofina	15575	−25
Solvay	14525	−175
Stanwick Intl.	550	......
Tractebel	8280	−160
UCB	11400	+100
Wagons Lits	5900	−30

DENMARK

Aug. 27	Price Kr %	+ or −
Baltica Skand	1100	−40
Cop Handelsbank	285	−5
D. Sukkerfab	324	−5
Den Danske Bank	373	−13
East Asiatic	212	−3
Forenede Bryg	995	......
GNT Holding	284.00	......
I.S.S.B. Systems	860	−20
Jyske Bank	520	−10
Novo Ind.*	227.00	......
Privatbanken	286	+1
Sophus Berendsen	1000	−50
Superfos	243	−11

FINLAND

Aug. 27	Price Mka	+ or −
Amer	257.5	−1
KOP	54.75	−0.55
Kone	242.5	+3
Finnish Sugar	88.4	−1.1
Kymmene	142.5	+5
Nokia	223.5	+0.5
Pohjola 'B'	115.5	−2
Rauma-Repola	33.5	+1.5
Stockmann 'B'	269.5	......
UBF 'C'	35.95	+0.25
Unit. Paper	159	−0.5
Wartsila (s11)	247	−1.5

FRANCE

Aug. 27	Price Frs.	+ or −
Emprunt 4½% '73	1909	+9
Emprunt 7% 1973	9069	−6
Accor	461	+3
Agence Havas	547	+17
Air Liquide	703	+4
Alcatel	2533	+34
BIC	790	−3
BNP (Cert. Inv.)	545	+8
Bongrain	2950	−55
Bouygues	1235	−3
BSN Gervais	5220	−20
Carrefour	3559	+59
Club Mediterranee	683	+10
Cie Bancaire	783	+33
Cofimeg	327	−5
CGE	345.10	+1.6
Damart	3233	−37
Darty	470	+4
Dumez S.A.	3211	+51
Eaux (Cie Gen)	1320	+45
Elf-Aquitaine	370	+0.5
Essilor	3,940	.....
Gen. Occidentale	1059	−1
Imetal	178.20	+0.2
Lafarge Coppee	1713	−1
L'Oreal	3990	+59
Legrand	2870	+30
Maisons Phenix	62	−2
Matra S.A.	2210	−38
Michelin B	345	+1
Midi (Cie)	1309	+24
Moet-Hennessy	2955	−20
Moulinex	74	+1
Nord Est	168	+5
Paribas	445	+14.9
Pernod Ricard	1005	+9
Perrier	920	....
Petroles Fra	440	+13
Peugeot S.A.	1590	−15
Printemps Au	764	−15
Radiotech	1632	−38
Redoute	3300	+40
Roussel-Uclaf	1445	+15
St. Gobain	483.10	+2.1
Sefimeg	440	
Skis Rossignol	1225	+1
Telemech Elect	3400	−24
Thomson (CSF)	1304	+12
Valeo	645	−9

GERMANY

Aug. 27	Price Dm.	+ or −
AEG	344.50	−3
Allianz Vers	2085.00	......
BASF	335.00	−1.3
Bayer	355.00	.
Bayer-Hypo	506.00	...
Bayer-Verein	494.00	+5
BHF-Bank	476.00	−5
BMW	780.00	−7
Brown Boveri	345.20	−3.8
Commerzbank	298.50	−1
Cont'l Gummi	371.00	−0.5
Daimler-Benz	1128.00	−2
Degussa	530.50	−4.5
D'sche Babcock	238.00	−6
Deutsche Bank	697.00	−1
Dresdner Bank	358.00	−0.5
Feldmuehle Nobel	334.30	+0.3
Henkel	564.70	+7.7
Hochtief	730.00	.....
Hoechst	331.90	+2.4
Hoesch Werke	133.50	
Holzmann (P)	458.00	−4
Horten	241.00	−1.5
Hussel	663.00	+30
Karstadt	557.00	+0.5
Kaufhof	500.00	−1
KHD	192.00	....
Kloeckner Werke	148.50	+3
Linde	760.00	+6
Lufthansa	186.50	−2
MAN	199.80	−1.7
Mannesmann	182.50	−1
Mercedes Hld.	995.00	....
Metallgesell	353.00	−4
Muench Rueck	2030	−20
Nixdorf	835.00	−6
Porsche	985.00	−35
Preussag	201.50	−1.5
Rhein West Elect.	256.20	−1.8
Rosenthal	288.00	......
Schering	616.50	−7.7
Siemens	666.00	−2.5
Thyssen	135.00	.....
Varta	365.00	+4.5
Veba	317.50	....
V.E.W.	175.00	−1.5
Verein-West	462.00	......
Volkswagen	400.00	−2.5

ITALY

Aug. 27	Price Lire	+ or −
Banca Com'le	2907	+7
Bastogi-IRBS	455	+4
CIR	5180	+150
Credito Italian	1818	+32
Fiat	10490	+80
Generali Assicur	121,500	+2000
Italcemen	106,600	+600
La Rinascenti	1051	+40
Montedison	2290	+40
Olivetti	11400	+60
Pirelli Co	5550	+110
Pirelli Spa	4260	+60
Saipem	3400	−115
Snia BPD	3249	+39
Toro Assic	27000	+900

NETHERLANDS

Aug. 27	Price Fls.	+ or −
ACF Holding	64.50	+1.5
AEGON	96.90	−3.1
Ahold	108.00	−1.1
AKZO	175.00	−2.3
ABN	50.70	−0.9
AMEV	63.20	−7.6
AMRO	88.50	−1.7
Buehrmann-Tet	62.00	−1.4
Dordtsche Petroleum	249.50	+1.5
Elsevier Ndu	60.70	−1
Fokker	55.00	......
Gist Brocades	49.40	−0.7
Heineken	190.00	−4.3
Hoogovens	48.50	−0.7
Hunter Douglas	63.50	−0.5
IHC Caland	22.70	+0.1
Int Mueller	69.50	−1.1
KLM	54.00	−1.3
KNP	172.50	−1
Nat Ned Cert	79.30	−1.3
Ned Mid Bank	174.10	−1.9
Ned Lloyd	185.00	−1
Oce Grinten	463.00	−7
Ommeren (Van)	38.60	−0.4
Pakhoed	86.50	−1.5
Philips	52.80	−0.2
Robeco	114.20	−0.2
Rodamco	142.10	+0.1
Rolinco	108.30	−0.2
Rorento	52.20	......
Royal Dutch	277.50	+1
Unilever	143.50	−1.5
VMF Stork	25.50	−0.3
VNU	93.00	+0.2
Wessanen	90.20	−3.3
Wolters Samsom	126.50	−0.5

NORWAY

Aug. 27	Price Kroner	+ or −
Aker-Norcem	76.50	.....
Bergen bank	204	+5
Bergesen B	395	+5
Christiania Bk	222	+8.5
Den Norsk Credit	176.50	+4
Elkem	137.50	+3
Hafslund	617.50	+11.5
Kosmos	151	+3
Kvaerner	249	+10
Norsk Data	253	+16
Norsk Hydro	244	+8
Orkla Borregaard	520	+14
Storebrand	378	+5.5

SPAIN

Aug. 27	Price Pts. %	+ or −
Banco Bilbao	1600	+10
Banco Central	1095.00	..
Banco Exterior	475	+5
Banco Hispano	649	+19
Banco Popular	1860	+20
Banco Santander	1252.00	..
Banco de Vizcay	1935	+70
Banesto	1010.00	.....
Dragados	838	+3
Hidrola	94.50	+5
Iberduero	141	+7.5
Petroleos	715	+17
Telefonica	295.20	+2

SWEDEN

Aug. 27	Price Kroner	+ or −
AGA (free)	213	−3
Alfa-Laval	335	−5
ASEA (Free)	430	+1
Astra B (Free)	270	....
Atlas Copco	194	+2
Beijer A Fria	213	.....
Cardo (Free)	295	.....
Cellulosa	328	−2
Electrolux B	322	.....
Ericsson	232	−5
Esselte	191	−1
Mo Och Domsjo	427	−3
Pharmacia	228	+3
Saab-Scania (free)	254	−1
Sandvik	208	−5
Skandia Ins.	201	−3
Skandia Intl.	280	.....
Skan Enskilda	147	.....
SKF	357	−1
St. Kopparbergs	393	−7
Svka Handelsbn	540	..
Swedish Match	107	−3
Volvo B (Free)	370	+1

SWITZERLAND

Aug. 27	Price Frs.	+ or −
Adia Intl.	12900	+50
Alusuisse	875	......
Bank Leu	4040	+30
Brown Boveri	2880	−60
Ciba Geigy	3700	−90
do. (PtCts)	2640	−55
Credit Suisse	3410	+10
Elektrowatt	3850	−25
Fischer (Geo.)	1680	−15
Hoff-Roche (Pt Cts)	146750	−750
Hoff-Roche 1/10	14625	−125
Jacobs Suchard	9775	+25
Jelmoli	3895	−5
Landis & Gyr	1830	.....
Nestle	10525	−25
Oer-Buhrle	1670	+10
Pargesa Hldg	2450	+30
Pirelli	424	−1
Sandoz (Br)	14825	+25
Sandoz (PtCts)	2395	−5
Schindler (PtCts)	874	−1
Sika	775	.....
Surveillance	6750	−50
Swissair	1420	.....
Swiss Bank	513	−2
Swiss Reinsce	18300	−250
Swiss Volksbk	2330	+10
Union Bank	5000	−75
Winterthur	6825	−125
Zurich Ins	7300	−50

AUSTRALIA

Aug. 27	Price Aust$	+ or −
ACI Intl.	4.55	+0.02
A.F.P.	3.75	−0.03
Adelaide Steams	8.70	+0.1
Amcor	5.80	+0.2
ANZ Group	5.30	+0.2
Ampol Pet	3.67	+0.22
Ariadne Aust	2.85	+0.11
Ashton	3.80	+0.05
Aust Guarant	3.00	+0.05
Aust Nat Inds	2.32	+0.07
Bell Group	9.90	+0.2
Bell Resources	5.60	......
Bond Corp Hldgs	2.95	+0.05
Boral	6.80	+0.4
B'ville Copper	5.00	+0.15
Brambles Inds	11.40	+0.3
Bridge Oil	1.65	......
BHP	10.05	+0.05
BHP Gold	1.67	.....
Burns Philp	5.84	+0.02
CRA	10.60	+0.1
CSR	3.93	−0.01
Chase Corp	4.05	......
Claremont Petro	1.05	+0.05
Coles Myer	8.80	......
Comalco "A"	4.92	+0.08
Consolidated Pet	0.23	......
Costain Aust	3.30	−0.05
Elders IXL	5.70	+0.18
Energy Res	2.70	+0.05
Gen Prop Trust	3.40	−0.02
Goodman Fielder	4.85	+0.05
Hardie (J.)	4.58	+0.08
Hartogen Energy	3.10	+0.1
ICI Aust	5.38	+0.02
Industrial Equity	5.96	+0.06
Jimberlana (50cFP)	0.70	+0.08
Jones (David)	11.20	....
Kia Ora Gold	1.05	+0.03
Kidston Gold	7.60	+0.2
Lend Lease	18.40	+0.2
MIM	3.75	+0.31
Mayne Nickless	6.30	+0.3
Nat. Aust. Bank	5.76	+0.16

AUSTRALIA (Continued)

Aug. 27	Price Aust$	+ or −
News	23.50	+0.7
Noranda Pacific	4.20	.....
North Bkn Hill	4.20	+0.05
Oakbridge	0.57	−0.01
Pacific Dunlop	5.90	+0.1
Pancont'l	4.45	+0.1
Pioneer Conc	4.70	+0.08
Placer Pacific	3.93	+0.08
Poseidon	6.70	−0.1
Queensland Coal	1.60	....
Santos	7.20	+0.34
Smith (H.)	4.90	−0.03
Thos Natwide	6.10	+0.14
Tooth	8.20	+0.1
Vamgas	3.90	.....
Western Mining	9.76	+0.26
Westpac	6.30	+0.26
Woodside Petrol	2.15	....
Woolworths	3.75	+5
Wormald Intl	3.55	+5

HONG KONG

Aug. 27	Price H.K.$	+ or −
Bank East Asia	33.00	−0.25
Cathy Pacific	7.75	+0.2
Cheung Kong	13.30	......
China Light	27.10	+0.1
Evergo	0.89	−0.01
Hang Lung	16.70	...
Hang Seng Bank	46.75	...
Henderson Land	7.15	+0.05
Hong Kong China	20.80	+0.4
HK Electric	9.70	+0.15
HK Land	7.90	......
HK Shanghai Bank	10.60	+0.2
HK Telephone	13.60	+0.3
Hutchison Wpa	14.80	+0.5
Indust Equity P	27.50	+0.2
Jardine Math	21.20	+0.2
New World Dev	14.50	......
SHK Props	18.50	+0.4
Shell Elec. Mfg.	2.05	+0.14
Swire Pac A	26.30	+0.5
TV-B	17.10	+0.3
Wharf Hldgs	9.60	+0.05
Windsor Ind.	19.30	−0.1
World Int Hldgs	4.60	+0.05

JAPAN

Aug. 27	Price Yen	+ or −
Ajinomoto	3560	−10
All Nippon Air	2060	+80
Alps Electric	2410	−80
Asahi Chemicals	1270	+20
Asahi Glass	2020	−20
Bank Tokyo	1650	.....
Bridgestone	1160	+10
Brother Inds.	690	+1
Canon	1110	.....
Casio Computers	1220	−30
Chugai Pharm	2180	+120
Daiei	1780xc	−58
Dai Ichi Kan Bank	3500	+30
Dai Nippon Ink	875	+20
Dai Nippon Ptg	2210	−10
Daiwa House	2320	−30
Daiwa Sec	3240	+40
Eisai	2480	+90
Fanuc	6040	−140
Fuji Bank	3500	+50
Fuji Film	4560	−20
Fujisawa	2440	+50
Fujitsu	1260	−20
Furukawa Elect	874	+29
Green Cross	3150	+50
Heiwa Real Est	2010	.. ...
Hitachi	1220	−20
Hitachi Credit	1650	−40
Honda	1630	....
Indl Bank Japan	4110	−30
Ishikawajima Ha	658	+3
Isuzu Motors	414	−1
Itoh (C)	720	−8
Ito Yokado	4200	+70
JAL	15400	+100
Jusco	1640	−10
Kajima	1830	......
Kao Soap	2240	+10
Kawasaki Steel	315	+4
Kirin	2580	+20
Kobe Steel	278	+3
Komatsu	660	+10
Konishiroku	838	−17
Kubota	615	+10
Kumagai	1090	.....
Kyoto Ceramic	6100	−40
Marubeni	519	+9
Marui	3380	−20
Mazda Motors	437	.....
Meiji Seika	1170	.....
MEI	2990	−60
M'bishi Bank	3230	+10
M'bishi Chem	1180	+10
M'bishi Corp	1250	....
M'bishi Elec	623	+5
M'bishi Estate	2680	+60
MHI	629	+4
Mitsui Bank	2750	.....
Mitsui Co.	826	+21
Mitsui Estate	2380	+30
Mitsui Toatsu	753	+15
Mitsukoshi	1730	+10
NGK Insulators	1000	+3
Nikko Sec	2550	−20
Nippon Denso	1560	−20
Nippon Elect.	1930	−30
Nippon Express	1250	−20
Nippon Gakki	1780	−40
Nippon Kogaku	1150	−20
Nippon Kokan	305	−5
Nippon Oil	1380	+10

JAPAN (Continued)

Aug. 27	Price Yen	+ or −
Nippon Seiko	613	+5
Nippon Shimpan	1350	−10
Nippon Steel	351	+4
Nippon Suisan	661	+8
Nippon Yusen	587	+1
Nissan Motor	710	.....
Nisshin Flour	1400	.
Nomura	4990	+20
Olympus	1200	−20
Onoda Cement	839n	+15
Orient Finance	1620	+20
Orient Leasing	4060	+150
Pioneer	3100	−50
Ricoh	1280	−20
Sankyo	2090	+50
Sanwa Bank	3010	−10
Sanyo Elect	510	−4
Sapporo	1930	−10
Sekisui House	2350	−30
Seven-Eleven	8150	..
Sharp	1190	−50
Shimizu Constr.	995	−5
Shionogi	1810	+40
Shiseido	2170	−30
Showa Denko	716	+6
Sony	4900	−100
Sumitomo Bank	4020	−10
Sumitomo Chem	929	+30
Sumitomo Corp	1050	+10
Sumitomo Elect	1680	−20
Sumitomo Metal	256	.....
Sumitomo Tr. & Bk.	4200	−50
Taisei Corp	1070	−10
Taisho Marine	1260	−20
Taiyo Kobe Bank	1700	−10
Takeda	3490	+90
TDK	5010	−80
Teijin	938	+38
Toa Nenryo Kyo	2090	+10
Tokai Bank	2500	+80
Tokyo Marine	2300	−20
Tokyo Elect Pwr	6890	+40
Tokyo Gas	1140	−10
Tokyu Corp	1530	−10
Toppan Print	1620	+40
Toray	865	+28
Toshiba Elect	656	−2
Toyo Seikan	2870	−70
Toyota Motor	1960	−50
UBE Inds	496	+6
Victor	2900	−50
Yamaha	841	+6
Yamaichi Sec	2550	−70
Yamanouchi	4830	+40
Yamazaki	1630	+10
Yasuda Fire	1230	−10

SINGAPORE

Aug. 27	Price $	+ or −
Boustead Hldgs	2.17	−0.02
Cerebos Pacific	7.85	−0.05
Cold Storage	5.50	−0.15
DBS	16.80	.. ..
Genting	7.55	−0.05
Haw Par Bros	6.70	+0.1
Hong Leong Fin	4.80	..
Inchcape Bhd	6.75	−0.1
Keppel Shipyard	4.18	−0.04
Malay Banking	8.40	−0.1
Malayan Utd. Ind.	2.81	−0.03
Multi Purpose	0.80	...
OCBC	10.60	−0.1
OUB	5.80	−0.1
Public Bank	2.96	−0.01
Sime Darby	3.56	−0.08
Singapore Air	14.80	−0.2
Singapore Press	10.70	−0.2
Straits Trading	5.90	+0.05
Tat Lee Bank	4.64	−0.02
UOB	7.95	....

SOUTH AFRICA

Aug. 27	Price Rand	+ or −
Abercom	2.65	+0.05
AE & CI	16	−0.25
Allied Tech.	175.00	.....
Anglo Am Coal	37.00	.....
Anglo Am Corp	91.50	+1.5
Anglo Am Gold	410.00	....
Barclays Bank	21	−0.25
Barlow Rand	28.10	+0.35
Buffels	79	+1
CNA Gallo	5.75	+0.5
Currie Finance	5.45	−0.05
De Beers	53.50	.....
Driefontein	93	+1.5
Freegold	59	+0.5
Gold Fields SA	96	−0.25
Highveld Steel	7.80	+0.1
Malcor Hldgs	25.50	+1.5
Nedbank	7.60	+0.1
OK Bazaars	19.00	.....
Rembrandt	13.30	+0.1
Rust Plat	59.62	+0.37
Safren	32.25	....
Sage Holdings	17.50	−1
SA Brewers	24.50	
Smith (C.G.)	45.50	
Tongaat Hulett	15.00	

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices August 27

MONTREAL

Closing prices August 27

Indices

NEW YORK

LONDON – Most Active Stocks

Thursday, August 27, 1987

	Stocks Traded	Closing Price	Change on Day
Brit Gas	16.80m	167	− 3
BP	8.90m	387	+ 4½
Marks & Spencer	8.18m	226½	+ 1½
Rolls Royce	8.18m	112	+ 1
Sears	7.78m	163	− ½
Bristol	7.40m	331	− 3½
Royal Insurance	7.28m	526	+11
Storehouse	5.10m	382	−11
BPCC	4.90m	371	+16
Hanson Trust	4.40m	187	− 2½

TOKYO – Most Active Stocks

Thursday, August 27, 1987

	Stocks Traded	Closing Prices	Change on Day
Nisshin Steel	87.26m	565	+37
Kawasaki Steel	82.05m	315	+ 4
Nippon Steel	58.95m	351	+ 4
Showa Denko	37.44m	716	+ 6
Mitsubishi Heavy Ind	32.78m	629	+ 4
Sumitomo Metal	29.13m	256	−
Mitsubishi Petrochem	26.66m	1,380	+80
Nippon Kokan	23.62m	305	− 5
Teijin Ltd	23.17m	645	+13
Toray	21.36m	865	+28

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:		
Brit Aerospace	498	+13
Enterprise Oil	306	+13½
Highgate & Job	625	+70
LASMO	361	+19
Legal & General	304	+ 5
Mersey Dock Units	263	+37
Microlease	150	+12
News Intnl	675	+30
Refuge Group	552	+14
Royal Insurance	526	+11
Stakis	137½	+11½
TI Group	419	+13
Trent Hldgs.	191	+ 5
Untd Newspprs	543	+ 7
Wellcome	474	+10
FALLS:		
AMEC	342	−15
Argyll Group	420	− 8
Randsworth Trust	234xr	−24
Storehouse	382	−11

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 35

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37	20⅝	AAR s	.50	1.4	24	60	36⅞	36⅝	36⅝	+⅛
51¼	22	ADT	.92	1.8	28	2321	50¾	50½	50⅝	
31¼	16¾	AFG s	.16	.5	10	192	29⅞	29½	29½	−¼
22⅝	8⅝	AGS s			18	664	19½	19¼	19¼	−⅛
10⅞	6¼	AMCA				10	10	10	10	
9⅜	4⅞	AM Intl				869	7⅞	7⅝	7⅝	−⅛
65½	50¼	AMR			13	4881	62¼	61	61	−1⅜
27½	24⅞	ANR pf 2.67		10.		5	25½	25½	25½	−½
12¼	8¼	ARX s			11	71	11½	11⅜	11⅜	
73½	32⅛	ASA	2a	3.1		355	65⅞	64½	65	−⅝
20	9¾	AVX	.32	1.7	38	159	18⅞	18½	18¾	
67	41	AbtLab	1	1.6	25	4410	63½	62¾	62¾	−1¼
28	24¼	Abitibi g				1073	26¼	25⅝	26	+⅛
16¾	9¾	AcmeC .40		2.7	15	74	15⅛	14⅞	14⅞	−⅜
10½	6⅛	AcmeE .32b		3.4	59	18	9⅜	9⅜	9½	
23⅞	19	AdaEx 3.42e		16.		188	21⅞	21⅜	21⅜	−⅛
19½	11⅝	AdmMl s .24		1.6	11	10	14⅝	14⅜	14⅝	+¼
27½	12⅛	AdvSys .62t		2.2	20	873	u28½	27¾	28⅛	+¾
24½	12⅞	AMD				6117	23⅜	22½	23	+½
56⅜	47	AMD pf	3	5.3		573	56⅜	55½	56⅛	+⅝
11⅞	5¼	Adobe				92	10	9⅞	9⅞	−⅛
20½	14¾	Adob pf 1.84		9.3		6	19⅞	19⅝	19¾	−¼
21⅞	17	Adob pf 2.40		11.		13	21⅜	21	21⅜	+⅛
15	10⅜	Advest .12a		1.0	9	97	11⅞	11⅝	11¾	
68¼	53	AetnLf 2.76		4.4	9	3690	63⅞	62¼	62½	−⅞
83½	26½	AflPb s .32		.5	22	1125	72¾	70¾	71	−1
26⅞	18⅝	Ahmans .88		4.0	8	15291	23	22⅛	22¼	−1¼
5⅜	2⅞	Aileen				32	3½	3¼	3½	+⅛
53⅞	31¼	AirPrd	1	2.0	22	1161	51⅛	50½	50⅝	−1
36	17¾	AirbFrt .60		2.2	12	129	27½	27¼	27½	+¼

Continued on Page 35

NYSE COMPOSITE CLOSING PRICES

Continued from Page 34

X Y Z

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close
85	51	Xerox	3	3.7	78	10187	81⅞	81	81⅝	−⅝
58¼	54¼	Xerox pf5.45		9.8		4337	56	55½	55⅝	−⅝
31½	21½	XTRA	.64	2.1	25	639	31⅛	29¾	31	+1¼
27⅞	25⅝	XTRA pf1.94		7.1		240	27½	27	27½	+¼
31¾	15	Yorkin			15	486	31⅛	30¾	31⅛	+⅛
7¼	2⅛	Zapata				508	5⅜	5⅛	5⅛	+⅛
32⅞	20¾	Zayre	.40	1.3	11	3193	31⅛	30	30⅛	−¾
14¼	9¾	Zemex	.40	3.0	8	9	13⅛	13⅛	13⅛	+⅛
33⅝	18⅞	ZenithE			126	1037	31⅝	30¾	31⅝	+⅝
13½	7⅛	ZenLab				1781	7⅝	7⅛	7½	
28¼	18¼	ZenNtl	.80	3.5	14	79	23¼	23	23	−¼
20⅝	12⅝	Zero	.36	1.8	20	30	20	19¾	19¾	
30¾	17½	Zurnin s	.68	2.4	19	319	28⅛	27¾	27⅞	−¼
10⅝	8¾	Zweig	n.55e	5.4		850	10⅛	10	10⅛	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s).. b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued on Page 33

FINANCIAL TIMES
WORLD STOCK MARKETS

AMERICA

Firmer interest rates encourage profit-taking

WALL STREET

RENEWED pressure on the dollar yesterday brought an upward drift *in interest rates on* Wall Street and an excuse for further profit-taking among blue chip stocks, *writes Gordon Cramb in New York.*

The Dow Jones industrial average *closed 26.79 lower at 2,675.06.*

Volume eased slightly to 163.81 units as advancing issues were outweighed almost two to one by those declining. The NYSE composite index, *reflecting* the broader trend, was off 1.68 at 185.28.

Reluctance by the *federal authorities to* intervene in the credit markets with any vigour began to be taken as a possible *harbinger* of a tougher monetary stance, as yields at the long end rose above the 9 per cent threshold.

IBM, the equity market leader which was hit hard the previous session after a batch of discouraging comments from analysts, recovered *little of* its poise with a $1⅛ drop to $166¼ as volume remained busy.

Digital added an early $¾ after settling a patent dispute with C. *Itoh, the Japanese trading house,* but was then pushed $1¼ below overnight to close at *$188¾. Unisys* eased $¼ to $44½.

AT&T was to the fore on the actives list but *slipped* $⅜ to $33⅜ on news of an order from General Electric, itself $1¼ lower at $62⅞.

Tobacco *stocks* succumbed to profit-taking after running up *strongly all week, as the effects of* favourable recent court rulings began to subside. RJR Nabisco was *off* $2¼ at $68½ and American Brands at $58⅝ was down $⅝.

Philip Morris relinquished $4⅜ to $118 after its Americus trust, a repository for its shares, suspended acceptances *from investors* because of the market's current premium to the trust's own $110 a share termination level.

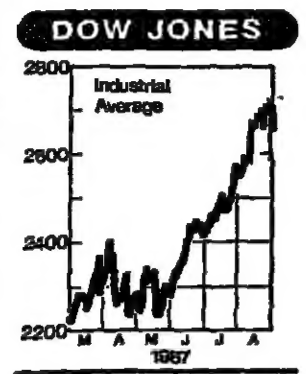
The oil sector traded calmly ahead *of Opec talks scheduled* in Vienna today: Atlantic Richfield did better than most with a $1⅝ rise to $94½. Exxon, $⅛ firmer at $98, launched another lawsuit against the beleaguered Texaco, which let go $¼ to $43. Mobil picked up $⅛ to $52¼ – it is to sell its headquarters *lease, reportedly for $250m.*

Ashland Oil shed $⅛ to $70⅝, near the top of its 52-week range. It started the week strongly and subsequently received a further endorsement *from* Oppenheimer & Co on the back of a wider spread between crude and refined product prices.

Chrysler lost $¼ to $46 after announcing price cuts ranging to 16 per cent for two new Plymouth and Dodge models. Among the competition, *Ford fell $3⅜ to $107⅜ – it put* a new contract proposal to the United Auto Workers – and GM at $89⅝ was $1⅛ weaker.

Lockheed showed particular strength with a *$1⅜ jump to $59⅜.*

DOW JONES



Rockwell moved $⅛ lower to $27¼ but *Raytheon* improved $⅛ to $80⅝.

CBS continued an impressive week with a $⅞ rise to $206⅞ as the *rival NBC network, owned by GE,* found no progress in federal mediation with its striking production staff.

Polaroid showed up among the active *stocks*, putting on $2 to $36⅞. Eastman Kodak, by contrast, fell $2 to stand at $100. American Home. Products, a household group, was off $¼ to $91¼ after saying it would institute a share buyback programme

The two New England banks *which* the previous day announced a near-$2bn merger both held firm in over-the-counter *trading*. Shawmut was steady at $50⅛ while Hartford National, which on Wednesday was marked $2 *lower*, rallied $⅛ to $29⅝.

Credit markets found little or no solace in a federal funds rate which returned below the 7 per cent level *although only just – it traded at 6⅞,* and $2bn in customer repurchases offered by the authorities were regarded by many operators as so inadaquate that this could indicate a *firming of policy.*

Three-month bill yields at 6.46 per cent were just one basis point firmer, although beyond that maturity the rate rises widened to beyond seven basis points. The 8¾ long bond of 2017 was a sharp 1⁵⁄₃₂ lower at 97¹⁹⁄₃₂ to yield 9.11 per cent.

CANADA

A LOWER bond market and broad losses on Wall Street pushed share prices in Toronto downwards, with most sectors posting modest declines.

On the most-active list, Placer Dome *declined C$⅛ to C$37⅜* and Alcan was down C$⅜ at C$42½. Campeau gained C$⅝ to C$26⅝.

Among active, miners Echo Bay was down C$⅛ to C$34¼. Hemlo *was up C$¼ to C$25⅜ and Noranda* declined C$¼ to C$34½.

Banks were down slightly after three of Canada's largest banks reported heavy third-quarter losses due to increases in reserves for doubtful Third World loans.

Canadian Pacific advanced C$⅛ after the *Government* said it would introduce back-to-work legislation to end the nationwide rail strike.

Ian Rodger reports on a challenging new study

Japan market theory contested

THE WIDELY HELD view among foreign investors that the Japanese stock market is highly overvalued is contested in a new study by S.G. Warburg Securities (Japan).

The overvaluation view is based mainly on the relatively high price-earnings ratios in Tokyo. The overall market's p/e was slightly over 70 yesterday *compared* with about 18 in the London market.

Partly as a result of the high p/e's, foreign investors have been large net sellers of Japanese equities for the past three years. Last year, they withdrew a net Y3,484bn ($26.3bn).

According to the Warburg study by *Mr Andrew* Smithers the p/e ratio is a very inaccurate guide to values in the Tokyo market and investors should beware of making comparisons from one market to another without making adjustments for major differences in industry structures and accounting practices.

One of the peculiar characteristics of Japanese corporate *ownership is the high level of cross*-ownership among companies and banks. Mr Smithers' analysis of the ownership of Tokyo Stock Exchange member companies suggests that "almost exactly half the shares quoted on the TSE are beneficially *owned by other quoted companies.*"

What this means is that most large Japanese-quoted companies are also, in effect, investment *trusts. "In other markets, investment trusts are generally* excluded when calculating the total size of the market, *in order to* exclude this form of double counting," the study says. But this exclusion is impossible for Tokyo.

The problem with the p/e calculation arises from the fact that the double counting does not extend to the denominator of the ratio i.e. the earnings.

Mr Smithers believes that in almost every case the cross investments consist of holdings of less than 20 per cent of the equity of the companies concerned. Thus, the investment trust earnings, so to *speak, of big companies* are not included in their consolidated earnings. Only the dividends flow into the consolidated profit and loss account. And Japanese companies pay notoriously small dividends.

After adjusting for these distortions, Mr Smithers *shows significant changes in the Morgan Stanley* Capital International (MSCI) indices at the end of June this year. Whereas the Japanese market's p/e ratio was then 58.2, compared with the UK's 15.7 and 9.0 in the US, the adjustments would bring the Japanese *figure down to 34.*

He also examines the MSCI price to cash earnings ratios (which remove the distorting effects of different depreciation rates in different countries) and finds that the Japanese p/ce would drop from 16 to *8.3, if the double counting was removed.* That would leave it lower than the UK's 10.3 and the US's 9.0.

"The purpose of the calculations is not to seek to demonstrate that the Japanese market is cheap, but simply to point out that widely aired statements that *it is fundamentally expensive do not stand up to investigation,*" he says.

Other more refined adjustments would have to be made to arrive at truly fair comparisons. "For example, the quality of Japanese earnings is increased by *the relatively low level of inflation* and the high exposure to property, but reduced by *zaitech* earnings, which include capital gains realised on securities transactions," he says.

"On balance, we would expect that refinements to the analysis would increase the relative attraction of the Japanese market from the viewpoint of fundamental evaluation."

EUROPE

Blue chips vacillate over dollar, economic news

A DIP in the dollar affected exported stocks on major bourses in Europe yesterday and prompted a new bout of investor wariness. However, some markets were preoccupied with domestic economic news with French shares rising on monetary indicators and Swedish stocks nervously awaiting company results.

Frankfurt saw a second day of uneven trading with an early fall, prompted by the dollar's slide, and a late recovery on bargain-hunting. *The Commerzbank index* lost 18.3 on generally low volume.

In cars, Daimler-Benz, which lost DM34 over the past four sessions, rebounded after large falls in the *morning to close up 50 pfg at* DM1,128. BMW lost DM7 to DM780 and VW eased DM2.50 to DM400.

Chemicals were mixed. Hoechst climbed DM2.40 to DM331.90 and *BASF* dipped *DM1.30 to DM335.*

In the bond market, the Bundesbank sold DM85.6m worth of paper after buying DM138.9m on Wednesday.

Amsterdam was depressed by the lower dollar and by disappointing results from insurance companies. *The ANP-CBS fell 2.3 to 323.0 in* moderate turnover.

Amev lost Fl 7.80 to Fl 63.20 and Aegon was down Fl 3.10 at Fl 96.90 after both annouced lower first-half profits. The declines dampened interest in the banking and insurance sector which led other issues downwards.

In international blue chips, Royal Dutch was the only stock to post a gain, adding FL 1 to Fl 277.5

Zurich responded nervously to *the lower dollar which affected* exporting sectors such as machinery and chemicals, leading the market lower.

The Crédit Suisse index eased 1.8 to 593.2 *in moderately active* trading.

Ciba-Geigy shed SFr80 to SFr3,710 and other blue chips were weaker with generally small losses.

Paris edged higher in active trading as foreign investors continued to trickle back. The CAC index rose *4.8 to 425.5 on renewed expectations* of a cut in interest rates which helped financials.

Selected engineerings and electronics issues were modestly higher but *blue chips slipped as a result of* late profit-taking.

Brussels ended little changed or slightly lower after a day of quiet trading. The Brussels stock index *dipped 4.6 to 5,335.40* and investors were *sidelined* in the absence of any economic news.

Réserve, the share of Société Générale de Belgique, was the most actively traded and ended up BFr10 at *BFr4,010.* Other holdings were mixed to lower.

Madrid rose strongly in all sectors to take the *general* index over the 300-level for the first time. The market average ended up *6.59 at* 302.45 on increased volume.

Stockholm ended lower in nervous *trading* prior to the announcement of Volvo's six-month results which came after the close. The Veckans Affarer all-share index lost 8.1 to 1,121.6.

Oslo rose as the price of Norway's North Sea oil climbed to over $18 a barrel. The all-share index added 10.80 to 391.71 as bargain-hunting set in.

Milan moved sharply higher

LONDON

A *STEADIER* trend in sterling and government bonds proved no help yesterday to UK equities, which succumbed to the overnight fall on Wall Street in thin and erratic trading.

The FT-SE 100 index shed 3.8 to 2,245.8 and the FT Ordinary *index was down* 3.1 at 1,755.1. Gilts ended ⅛ higher on sterling's rise. Details, Page 32

Tokyo, Hong [illegible] and Sydney all [illegible]eaks

TOKYO

CHEMICALS and pharmaceuticals *led Tokyo to a record* yesterday as investors shrugged off the downturn on Wall Street, *writes Shigeo Nishiwaki of Jiji Press.*

High technology stocks, however, came under selling pressure.

The Nikkei stock average of 225 select issues climbed 93.04 to 25,968.78, surpassing the *previous* high of 25,929.42 in mid-June. At one stage, the average passed the 26,000 mark for the first time when it reached 26,041.41 before dropping back later.

Turnover swelled from 989.38m shares to 1,211.09m. Advances outnumbered *declines by 512 to 411,* with 120 issues unchanged.

The drop in the Dow Jones industrial average on Wednesday *did not* deter investors from seeking chemicals, drugs and textiles. These issues are expected to report sharp profit increases in the year ending next March due to *rising demand* and prices. Market analysts said investors favoured stocks with lower foreign exchange risks and sold high-tech issues.

Showa Denko moved to another high, adding Y8 to Y716 in trading of 37.44m shares, w[illegible] subishi Petrochemical gain[illegible] to Y1,380, also a record, on tu[illegible] of 26.66m shares. Furukawa [illegible] tric added Y29 to Y874, Sum[illegible] Chemical rose Y30 to Y829 and [illegible] sui Petrochemical was up Y7[illegible] Y1,160.

In textiles, Teijin closed Y36 up [illegible] Y938 and Toray was Y28 higher [illegible] Y865, while Gunze soared Y80 t[illegible] Y1,230, all records.

Pharmaceuticals gained ground on hopes of new drug announcements during pharmacological *meetings* scheduled to take place in autumn. Chugai Pharmaceutical chalked up a [illegible] peak of Y2,1[illegible] Y50 to Y2,0[illegible] gained Y9[illegible] Seiyaku added [illegible]

Large-ca[illegible] buildings [illegible] Nissbin S[illegible] performan[illegible] year endi[illegible] most activ[illegible] and rose t[illegible] Y37.

Kawasak[illegible] tive list wi[illegible] Y4 to Y315[illegible] subishi H[illegible] gained Y4 e[illegible] spectively. [illegible] lost Y5 to Y[illegible]

Officials [illegible] houses sai[illegible] sold high-t[illegible] and pharm[illegible] ing volume [illegible] low. Even [illegible] most heavil[illegible] amounted t[illegible] it declined [illegible]

Matsushi[illegible] fell Y60 to [illegible] down Y30 a[illegible]

[illegible]LIA

[illegible] again held centre [illegible] as continuing [illegible] for industrials [illegible] to a second con[illegible] high. The All Ordi[illegible] climbed 34.4 to 2,155.5. [illegible] turnover increased [illegible] shares from 174m [illegible] Of this, 23m in[illegible] of a stake held by [illegible] Holdings in Pacific [illegible] cents at A$5.90. [illegible] golds and resources [illegible] neglected, good results [illegible] sector drew eager [illegible] local and overseas in[illegible] Corp put on 70 [illegible] on 4.9m shares af[illegible] record results. Situa[illegible] Fairfax meanwhile [illegible] to A$7.20. [illegible] Lend Lease re[illegible] rise in earnings and [illegible] cents to A$18.40 [illegible] also strong.

SOUTH AFR[illegible]

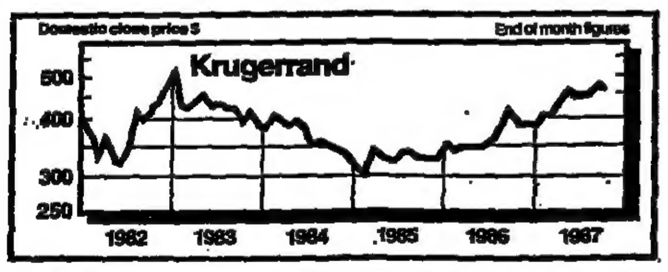
A RISE in the bullion price lifted Johannesburg share prices, but trading was cautious after the mineworkers' decision to continue the coal and gold mine strike.

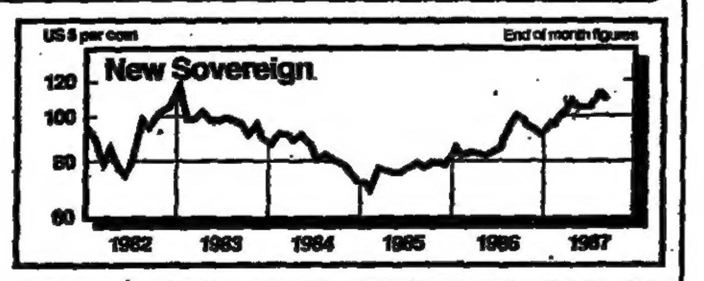
Among gold shares, Vaal Reefs rose R3 to R475, Buffelsfontein put on R1 to R79, and Driefontein added R1.50 to R93.

The rest of the mining sector [illegible] steady or higher, with Impala P[illegible] *num up R1.25 at R58.50,* Rus[illegible] burg ste[illegible] unchange[illegible]

The m[illegible] signs th[illegible] tough [illegible] Americ[illegible] and G[illegible] Indu[illegible]

KEY MARKET MONITORS





STOCK MARKET INDICES

	Aug 27	Prev	Year ago
NEW YORK			
DJ Industrials	2,675.06*	2,701.85	1,904.33
DJ Transport	1,077.98*	1,084.43	781.63
DJ Utilities	207.80*	208.43	217.78
S&P Comp.	332.62*	334.57	253.30
LONDON FT			
Ord	1,755.1	1,758.2	1,286.4
SE 100	2,245.8	2,249.6	1,636.80
A All-share	1,143.98	1,145.30	807.93
A 500	1,262.63	1,264.07	887.07
Gold mines	435.6	431.2	245.1
A Long gilt	10.03	10.06	9.43
World Act. Ind (August 26)	139.45	139.42	139.67
TOKYO			
Nikkei	25,968.78	25,875.74	18,503.8
Tokyo SE	2,163.50	2,159.41	1,529.50
AUSTRALIA			
All Ord.	2,155.5	2,121.1	1,182.4
Metals & Mins.	1,375.4	1,347.2	545.3
AUSTRIA			
Credit Aktien	213.57	213.25	237.86
BELGIAN SE	5,335.40	5,339.50	3,833.49
CANADA			
Toronto			
Met.& Mins.	3,173.1*	3,207.2	2,049.00
Composite	3,991.0*	4,006.0	3,038.10
Montreal			
Portfolio	1,981.95*	1,994.35	1,523.22
DENMARK SE			
SE	n/a	219.76	197.74
FRANCE			
CAC Gen	425.50	420.70	410.9
Ind. Tendance	110.40	109.50	97.38
WEST GERMANY			
FAZ-Aktien	650.37	655.21	696.51
Commerzbank	2,000.80	2,019.10	2,104.8
HONG KONG Hang Seng	3,583.38	3,526.28	1,932.99
ITALY Banca Comm.	614.13	601.12	611.14
NETHERLANDS ANP CBS			
Gen	323.00	325.30	287.7
Ind	271.90	274.60	298.2
NORWAY Oslo SE	526.75	514.38	367.61
SINGAPORE Straits Times	1,494.40	1,505.40	822.86
SOUTH AFRICA JSE			
Golds	–	2,341.0	1,687.0
Industrials	–	2,208.0	1,293.0
SPAIN Madrid SE	302.45	295.86	195.20
SWEDEN J & P	2,994.10	3,018.70	2,499.66
SWITZERLAND Swiss Bank Ind	670.90	674.20	561.7

COMMODITIES (London)

	August 27	Prev
Silver (spot fixing)	476.40p	477.05p
Copper (cash)	£1,063.50	£1,065.50
Coffee (September)	£1,302.50	£1,330.00
Oil (Brent Blend)	$18.30	$18.15

GOLD ($/oz)

	August 27	Prev
London	$454.75	$457.75
Zürich	$456.00	$457.75
Paris (fixing)	$460.06	$456.67
Luxembourg	$459.25	$456.45
New York (Dec)	$463.90	$465.80

CURRENCIES (London)

	US DOLLAR Aug 27	US DOLLAR Previous	STERLING Aug 27	STERLING Previous
$	–	–	1.6290	1.6170
DM	1.8130	1.8250	2.9550	2.95
Yen	141.95	143.05	231.25	231.25
FFr	6.0575	6.1025	9.8675	9.8675
SFr	1.4930	1.5035	2.4325	2.4325
Fl	2.0430	2.0565	3.3275	3.3250
Lira	1,313.50	1,322	2,140.50	2,137.75
BFr	37.70	37.95	61.40	61.35
C$	1.3170	1.3220	2.1470	2.1385

INTEREST RATES

	Aug 27	Prev
Euro-currencies (3-month offered rate)		
£	10⁹⁄₁₆	10⁹⁄₁₆
SFr	3¹¹⁄₁₆	3⅝
DM	3¹³⁄₁₆	3⅞
FFr	8⅛	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	7⁵⁄₁₆	7
6-month US$	7⁹⁄₁₆	7⅛
US Fed Funds	6¹⁵⁄₁₆*	6⅞
US 3-month CDs	6.65*	6.675
US 3-month T-bills	6.23*	6.44

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Aug 27 (Sept)	89-06	89-08	88-03	89-05
US Treasury Bills (IMM) $1m points of 100%				
(Sept)	93.66	93.72	93.65	93.73
Certificates of Deposit (IMM) $1m points of 100%				
(Sept)	n/a	n/a	n/a	n/a
LONDON				
Three-month Eurodollar $1m points of 100%				
(Sept)	92.81	92.84	92.79	92.85
20-year Notional Gilt £50,000 32nds of 100%				
(Sept)	113-19	113-24	113-12	113-12

US BONDS

Treasury

	August 27 Price	August 27 Yield	Prev Price	Prev Yield
7¼ 1989	99²³⁄₃₂	7.957	99²¹⁄₃₂	7.81
7 1994	96⅝	8.729	97	8.57
8¾ 1997	98⅞	8.922	99	8.77
8¾ 2017	97²⁵⁄₃₂	9.101	98²⁹⁄₃₂	8.97

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.83	+0.12	8.86	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	8.71	–0.03
15–30	183.58	+0.69	7.78	–0.03

Source: Merrill Lynch

Corporate

	August 27 Price	August 27 Yield	Prev Price	Prev Yield
AT&T 3⅝ July 1990	93.75	6.53	93.25	6.52
SCBT South Central 10⅞ Jan 1993	102.75	10.21	102.0	10.39
Philbro Sal 8 April 1996	89.51	9.83	90.20	9.70
TRW 8⅞ March 1996	95	9.63	95.97	9.45
Arco 9⅞ March 2016	97.90	10.10	99.29	9.95
General Motors 8⅝ April 2016	81.60	10.10	82.78	9.95
Citicorp 9⅞ March 2016	89.45	10.55	91.98	10.25

Source: Salomon Brothers

* *Latest available figures*

هكذا من الأصل